LBY R905-5.74A

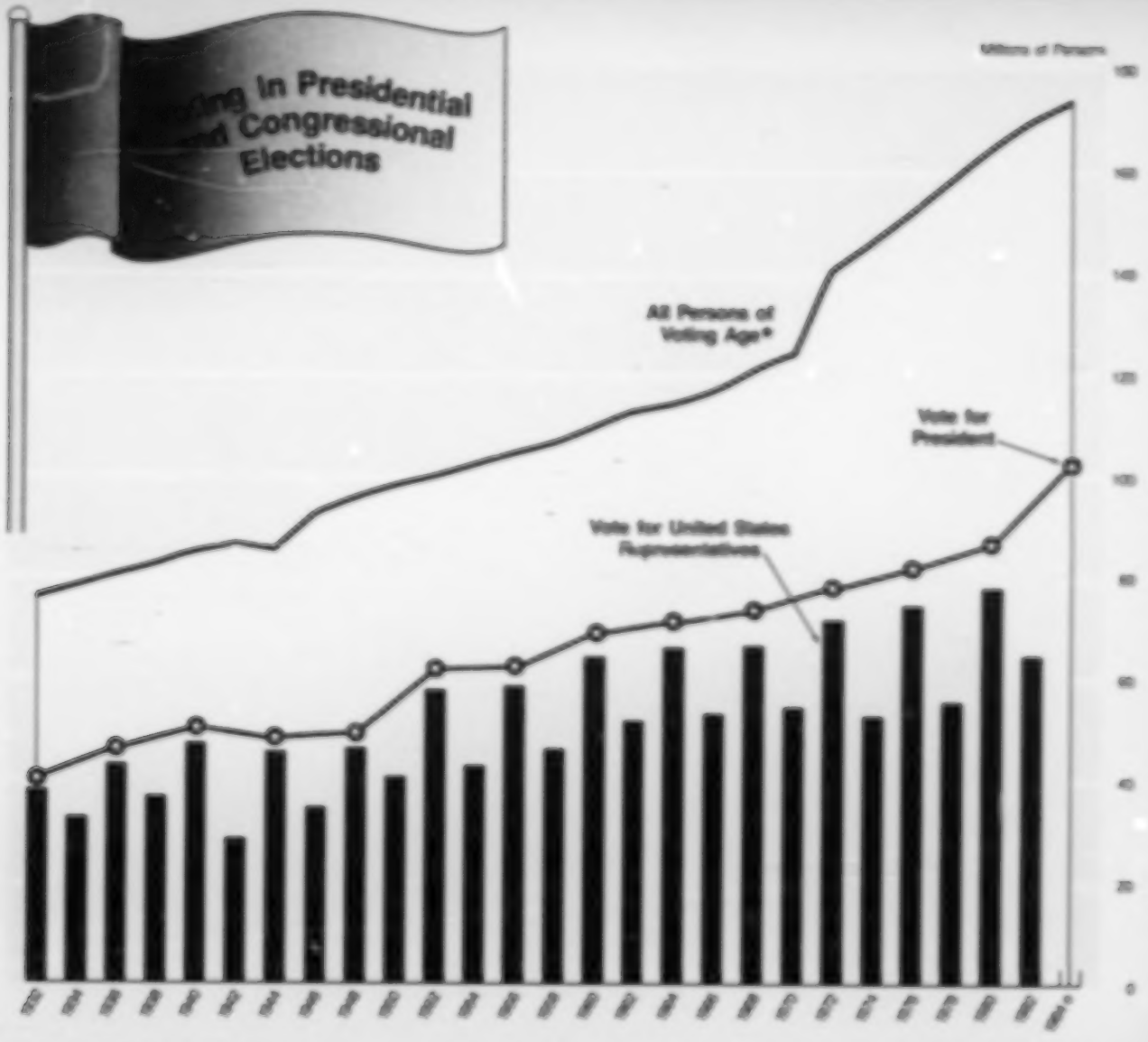
The Conference Board

Who Votes and How Much Does it Cost?

Economic Road Maps
Nos. 1980–1981

September, 1984

Not quite two out of three citizens, 21 years of age and older, voted in the presidential election of 1960. That 62.8% voter participation rate was higher than in any election in the prior 30 years. Since 1960, the participation rate has declined in every election. Voter turnout is typically hugher for older people, among the more educated, and among the more affluent. Educational attainment and living standards have been rising for many years, but the average age of the population was falling until recently—and the voting age was lowered to 18 in 1972. The participation rates for some population groups remained steady or rose slightly between the 1976 and 1980 elections, and some further turnaround in participation is anticipated this year. The rate, however, is unlikely to return to the level of 1960.



Note: Voting data based on official election returns.

*Includes resident non-citizens.
e = Estimated

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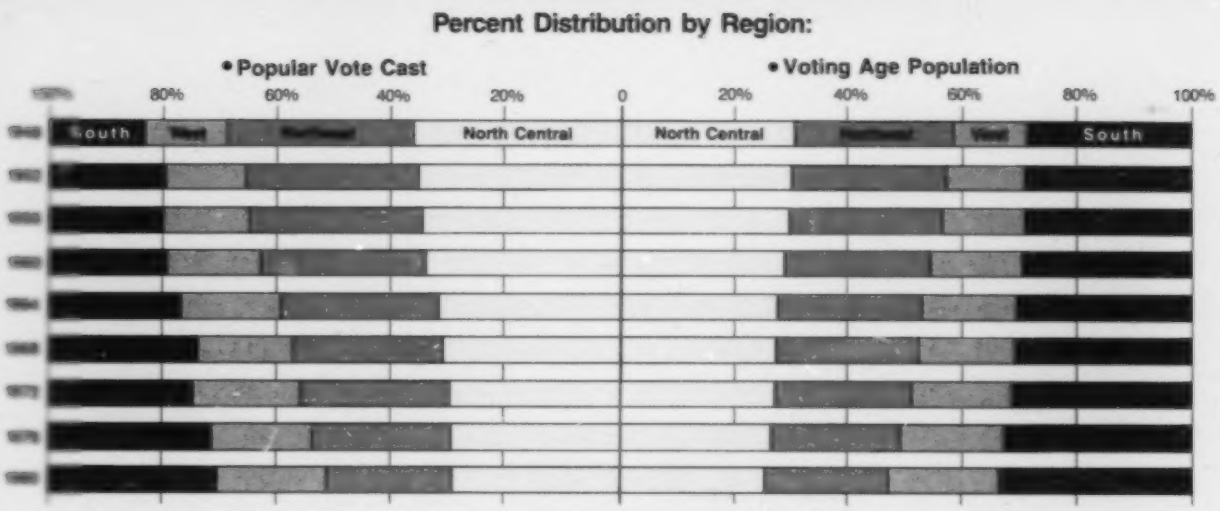
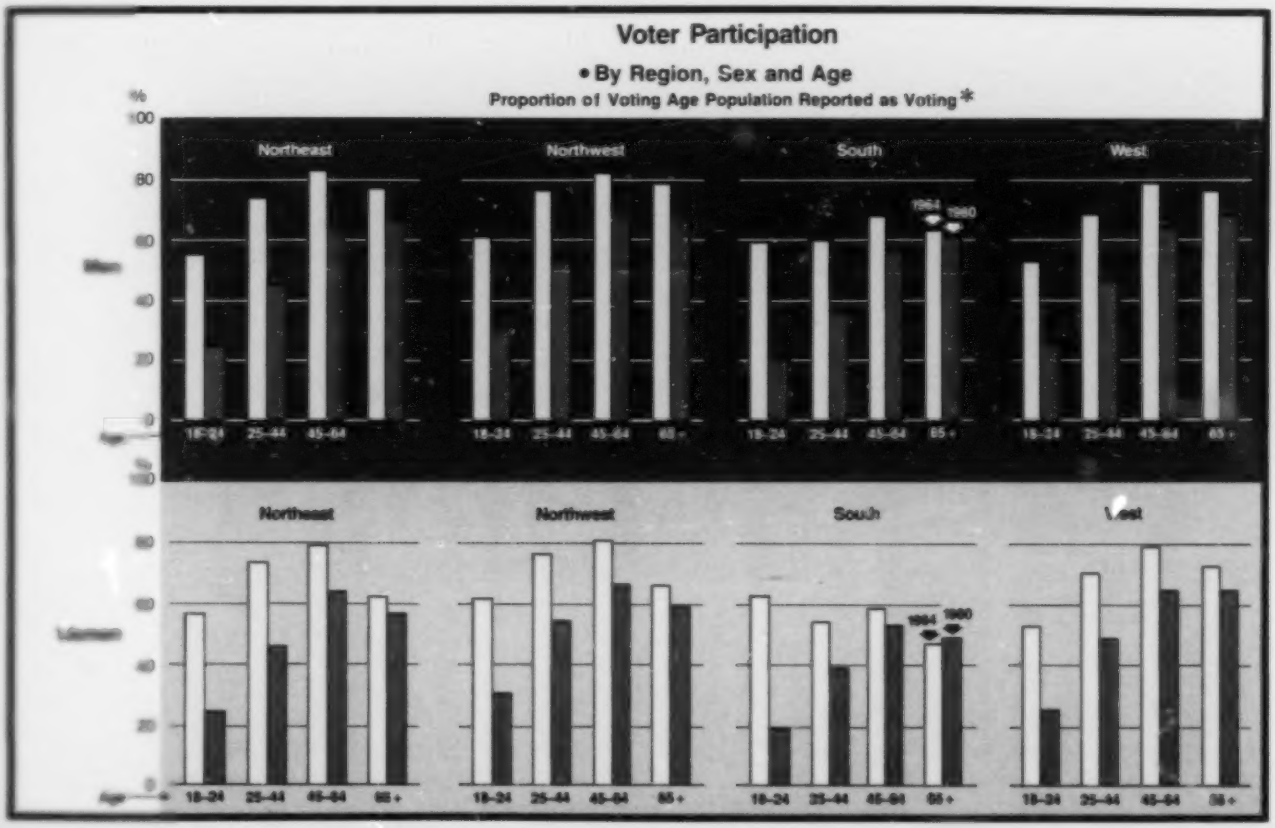
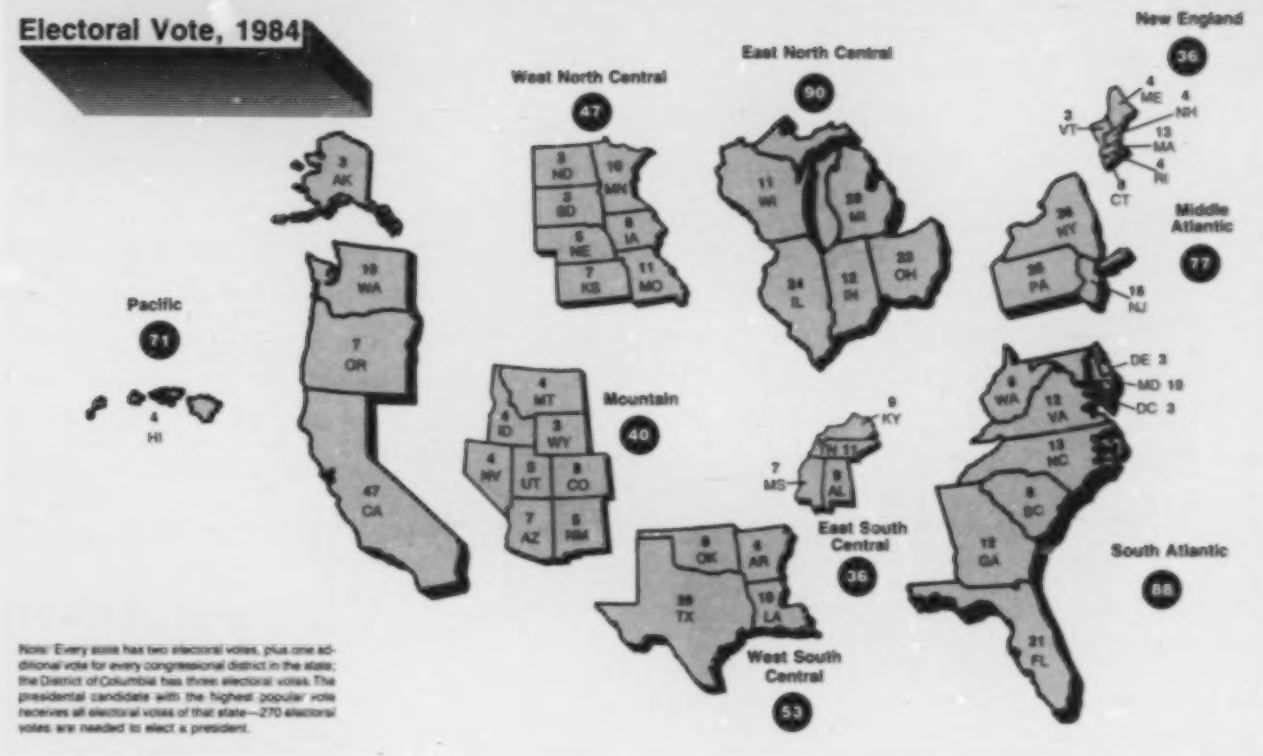


In 49 of the 50 states (North Dakota is the exception), one must register to vote in order to do so in primary or general elections. Increasing voter turnout, then, requires increased efforts to enroll potential voters. In most states, one registers as a Democrat or Republican—or as independent or for one of the minor parties. American voters are increasingly less inclined to be closely identified with either of the major parties, and at the same time, the role played by the major party in most campaigns has declined. Candidates rely more on their own political fund-raising to finance election campaigns. Fund-raising and information dissemination are the key roles for which candidates used to rely on the major parties. Almost all candidates for office depend heavily on the media, especially television commercials, to get their message across to potential voters. Whether the decline in major party influence leads voters to identify less closely with them, or whether it is the other way around, today's electorate is more independently minded and more likely to vote across party lines. Unfortunately, the electorate is also more inclined to stay home on election day.

The decline in voter participation has been steep, steady and substantial in the last two decades. It dropped for both women and men, for every age group, and for every income class. It declined for both whites and non-whites through 1976. The rate remained fairly level for whites in 1980, but rose slightly for nonwhites. The nonwhite participation rate,



*Based on population surveys, data consistently report approximately 5–10% more voting than actual votes cast.



Note: Every state has two electoral votes, plus one additional vote for every congressional district in the state; the District of Columbia has three electoral votes. The presidential candidate with the highest popular vote receives all electoral votes of that state—270 electoral votes are needed to elect a president.

however, has been, and is likely to remain, considerably lower than that of whites. Voter turnout has always been higher in the Northeast and Midwest than in the West and the South. It fell in all regions from 1960 through 1976. It remained fairly steady in the North and West in 1980. The participation rate rose in the South in 1980, partly because of the higher nonwhite turnout.

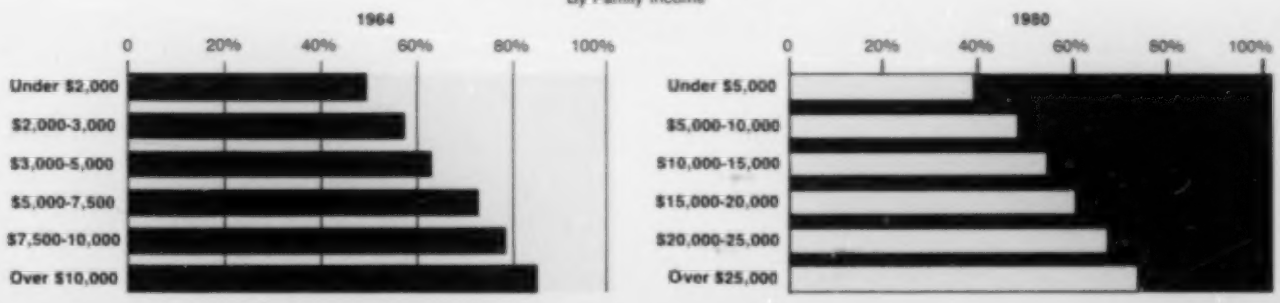
Voter participation was lower in the late 1970's than in any period since the 1920's, when turnout was low due to the number of newly enfranchised women who did not vote. Also not voting then were a sizable number of young adults whose parents were not citizens. Women and young adults voted in substantially larger numbers in 1932, and in elections thereafter. One theory suggests that a large number of new voters frequently sit out the first few elections because they need time to sort out what voting means for them and how they wish to express it. It is conceivable that those who became eligible to vote in the 1970's, but did not cast a ballot then, are beginning to vote in increasing numbers. Higher voting participation for the young, for nonwhites and, for different reasons, for senior citizens, are expected to result in a rise in the total participation rate this year.

Consistent and reliable data on voting are readily available. Unfortunately, no such records have been kept on how much was spent in political campaigns. The Citizens' Research Foundation (at the University of Southern California) has estimated that almost $300 million was spent on behalf of the major party candidates for President in 1980; $239 million was spent on congressional races and $192 million on gubernatorial races. Total spending on all primary and general election campaigns may have approached $1.2 billion in 1980.

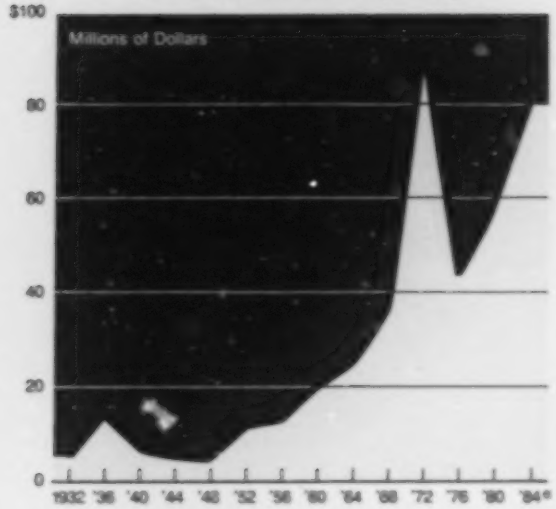
Of the $300 million spent on presidential campaigns in 1980, only $60 million was directly under the control of the candidates' committees during the general election contest. Using the Citizens' Research Foundation estimates for only this category of spending during the last half century, it is possible to estimate a path, over time, of constant-dollar spending per vote actually cast (the GNP deflator is used to

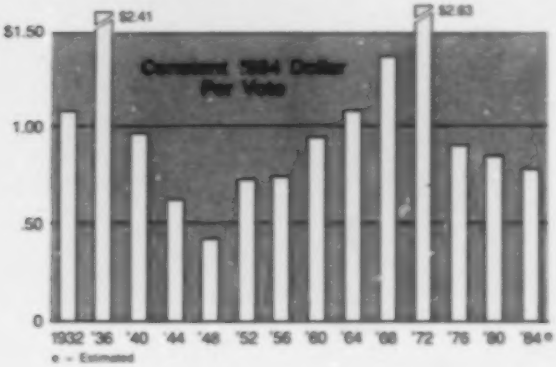
Voter Participation

By Family Income



Presidential Candidate Spending





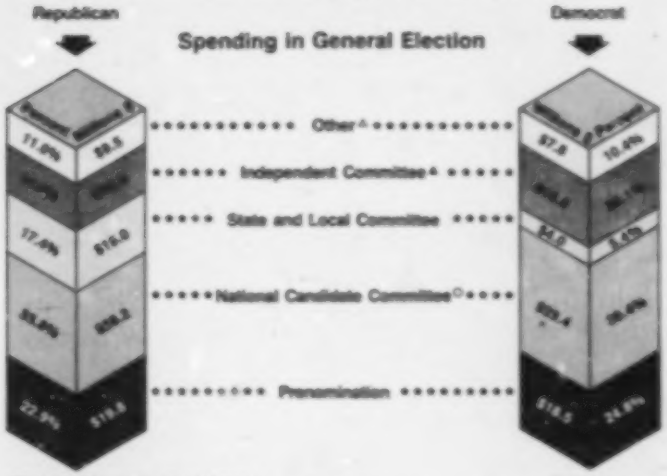
convert the data into constant dollars). These data show that real spending has hovered close to a dollar per vote (in dollars of 1984 spending power). Assuming that the spending estimates for the earlier years have not been significantly overstated, this suggests that there may have been some overstatement of concern about the escalating cost of getting elected, and how and under what conditions such funds are raised. These concerns have given rise to a shift away from private funding after the 1972 contest. Starting in 1976, public funding, generated by a $1 checkoff on personal income tax returns for the four years up to, and including, the election year, have been made available to the nominees for the post-convention presidential contest. The two presidential candidates will each receive $40 million this year.

Ken Goldstein

Sources: Citizen's Research Foundation; Congressional Quarterly Press; Bureau of Economic Analysis; Bureau of Census; The Conference Board.

Spending data are taken from *Financing Politics*, Herbert Alexander, Congressional Quarterly Press (Washington D.C., 1984.)

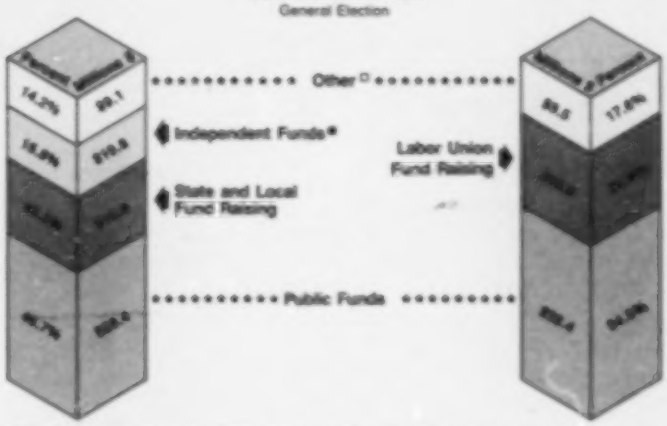
Presidential Campaign Funding, 1980



[D] Exclusively financed through public funds.
[A] Includes independent delegate selection spending and communication costs.
[A] Includes spending by labor and corporate campaign committees, financial reporting compliance and national party spending.

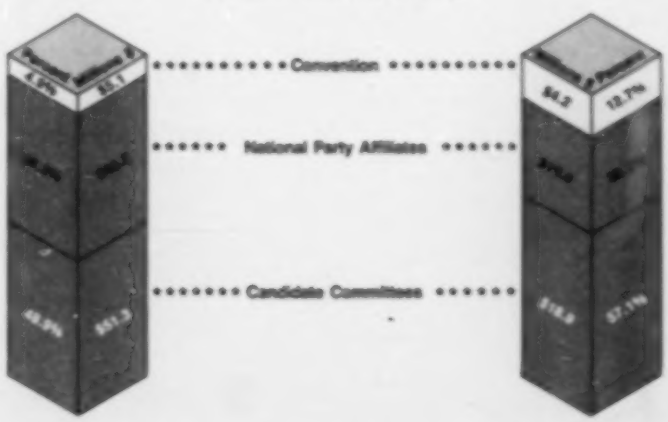
Source of Funds

General Election



[*] Funds raised and spent outside the control of, and not coordinated with, candidate campaigns.
[D] Includes funds raised by national party.

Prenomination Spending



ECONOMIC ROAD MAPS

Eva Cukes, Editor Chuck N. Tow, Chief Chartist

Prepared in The Business Conditions Analysis Department—Lora S. Collins, Director
Prices for Quantities of this chart will be supplied on request to Information Service.

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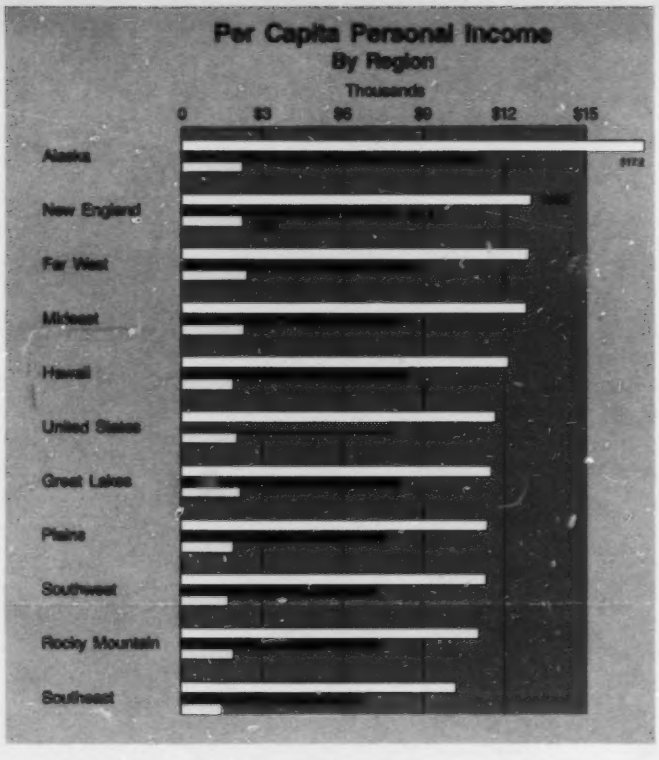
The Conference Board

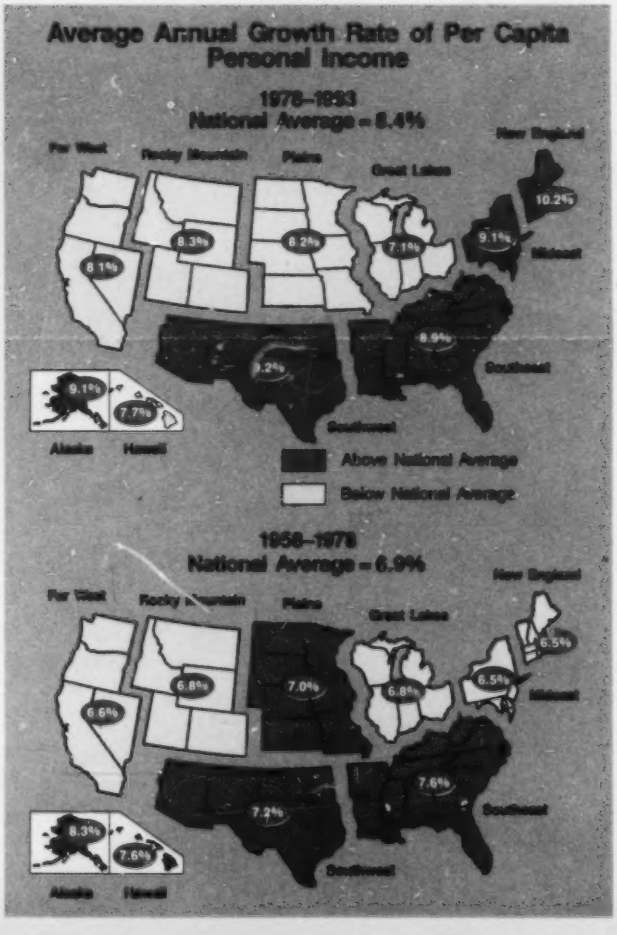
Regional and State Personal Income

Economic Road Maps
Nos. 1982–1983
October, 1984

Per capita personal income grew substantially during the past quarter century from an average of just over $2,000 in 1958 to $11,658 in 1983. While income levels differ from state to state, and the rate of income growth in the 50 states has also been uneven, certain trends have emerged quite clearly. The most important is the convergence of incomes, signifying that prosperity is being shared more equally than it was in the past; this trend is expected to continue for the rest of this century.

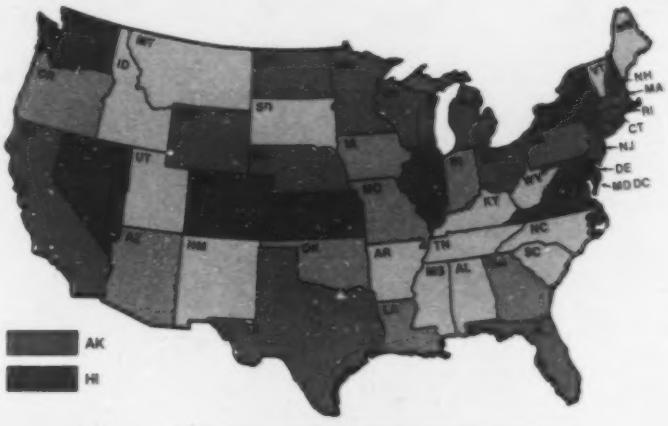


To see how income differentials have narrowed one has just to look at the wealthiest and poorest regions during the period. Twenty five years ago, the Far West was the most prosperous region with an average per capita income ($2,436) that was two-thirds higher than the average in the lowest income region, the Southwest. In 1983, New England had the highest average income ($13,005) but that figure was less than one third higher than the lowest placed Southeast. Another fairly obvious trend is that, on the whole, states with the lowest incomes had the fastest growth over the years. Reasons for this are varied. Industries are apt to locate in states with lower labor costs, but there is a variety of other considerations, such as union strength and tax rates. The percentage of working women, which has been above average in relatively high income regions, tended in the past to be below average in the South and Rocky Mountain regions. This gap has recently narrowed as labor force participation rates of women rose sharply in low income areas and this effect may have contributed to the closing of per capita income gap



Per Capita Personal Income 1983

- Under $10,000
- $10,000–11,000
- $11,000–12,000
- $12,000–13,000
- $13,000 & over



Per Capita Personal Income 1958

- Under $1,500
- $1,500–1,800
- $1,800–2,100
- $2,100–2,400
- $2,400 & over

Average Annual Percent Change 1958–1978

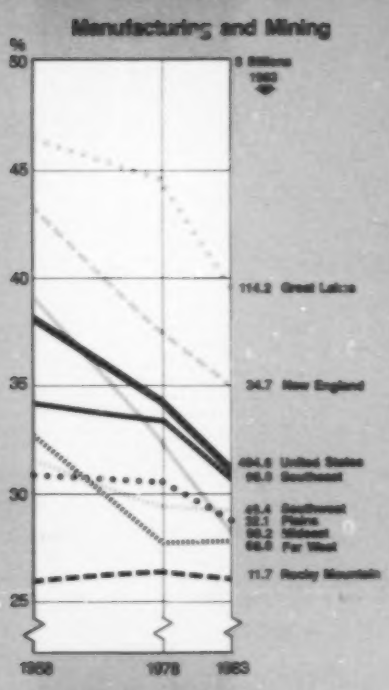
- 8% & over
- 7.5–7.9%
- 7.0–7.4%
- 6.5–6.9%
- 6.4% & under

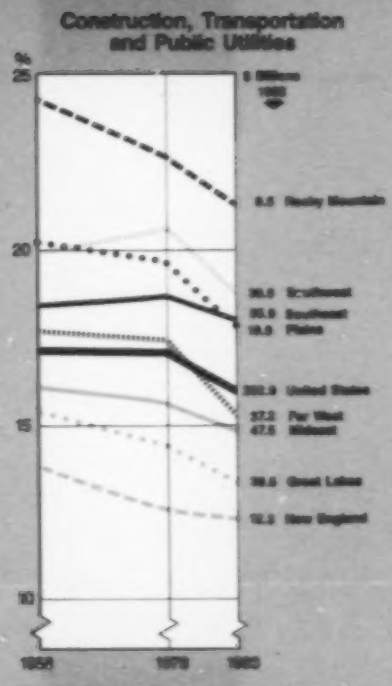
Average Annual Percent Change 1978–1983

- 10% & over
- 9–9.9%
- 8–8.9%
- 7–7.9%
- 6–6.9%

Earnings by Industry as % of Total Private Nonfarm Regional Earnings

Each Region=100%

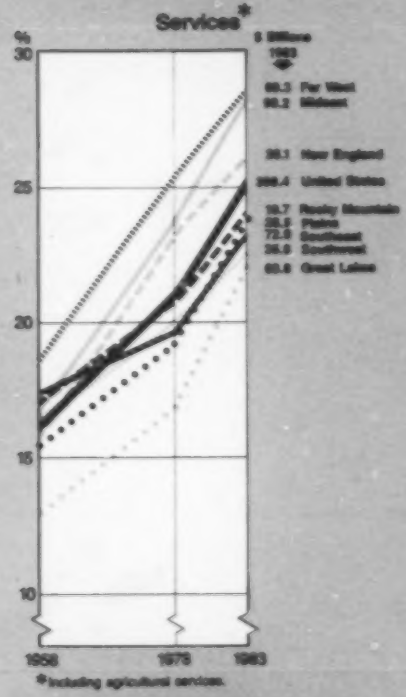


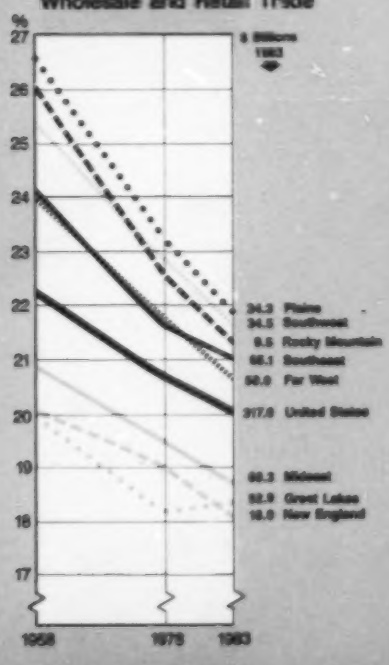


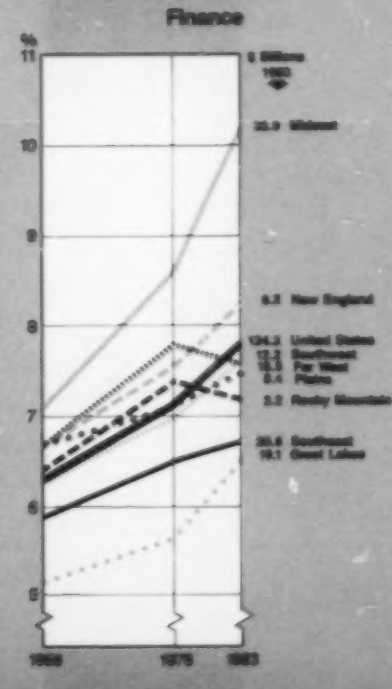
between the high and low income regions. In spite of their strong growth, most of the poorer states tend to remain so. Only three states, Georgia, Louisiana and Vermont, moved out of the bottom ten between 1958 and 1983, and Mississippi continues in the bottom spot in spite the fact that its income rose from $1,129 to $8,098 between 1958 and 1983.

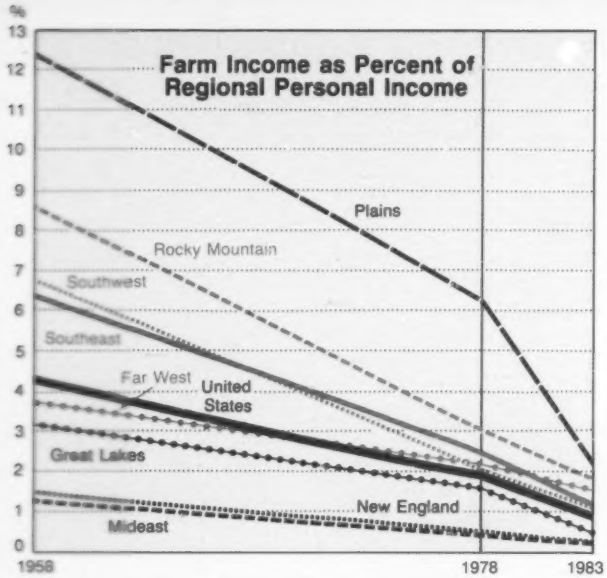
In the top category, Alaska moved from 10th place to first and Colorado and Maryland moved into the top ten, while Nevada and Illinois dropped out. Virginia advanced the most in terms of per capita income—from 39th place to number 15 and a per capita income of $12,116 in 1983.

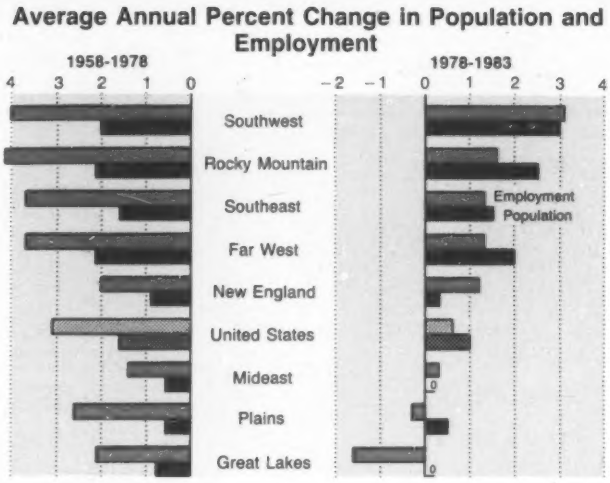
Changes in the industrial structure of the economy and the importance of each industrial sector to private nonfarm earnings in each region are shown on this page. For the United States as a whole, earnings in manufacturing declined from 36% to 29% of total income between 1958 and 1983, while mining income remained at 2% of total. Loss of share of manufacturing income was almost universal, but while it occurred gradually in most regions, the decline was precipitous during the past few years in the Great Lakes area, a region heavily dependent on manufacturing industry. Manufacturing still accounts for about two fifths of earnings or $114 billion in this region. Service industries account for a substantially larger share of income than manufacturing, having approached or surpassed 25% of total income in every region. Earnings in the finance sector, with the exception of Rocky Mountains and Far West, also improved their share of the total, especially in the Mideast region, and account for over 10% of that region's earnings. Construction, transportation, and public utilities lost share mainly during the past few years, while the share of wholesale

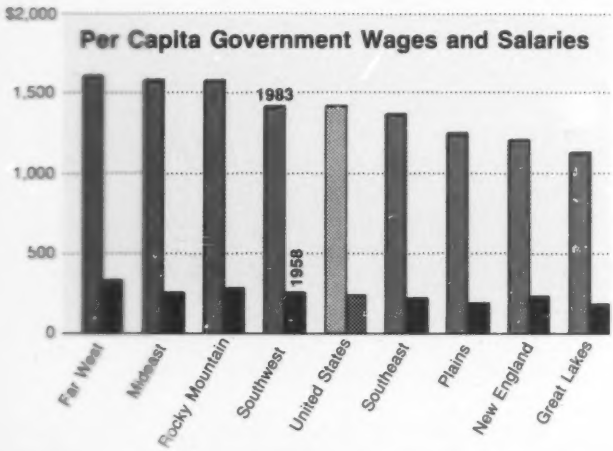








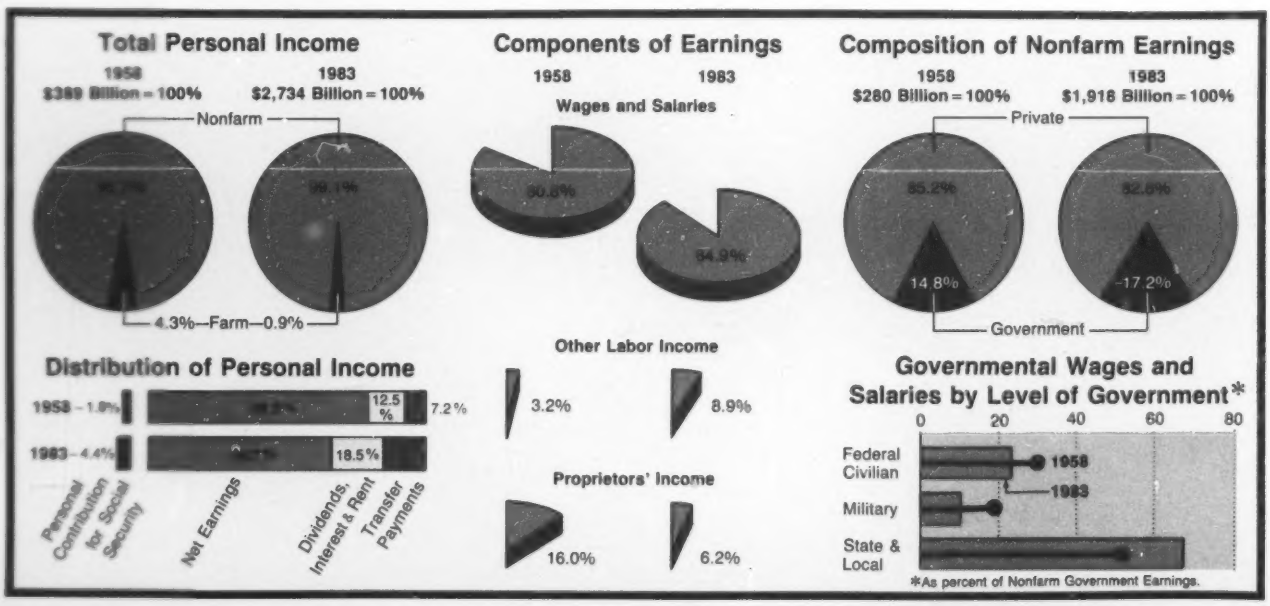




and retail trade declined at a slower pace. Farm income has now sunk to under 2% of income in all but the wheat producing Plains region, where farm income went from about 12% to roughly 2% of personal income between 1958-1983.

Personal income consists of wages and salaries, other labor income, proprietors' income, dividend, interest and rental income as well as transfer payments, less personal contributions for social insurance. Per capita personal income is total personal income divided by the resident population. Wages and salaries of government employees account for a larger share of nonfarm earnings today than in 1985—about 17%—mainly due to expansion of State and local governments. Eva Culen

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Labor; The Conference Board.



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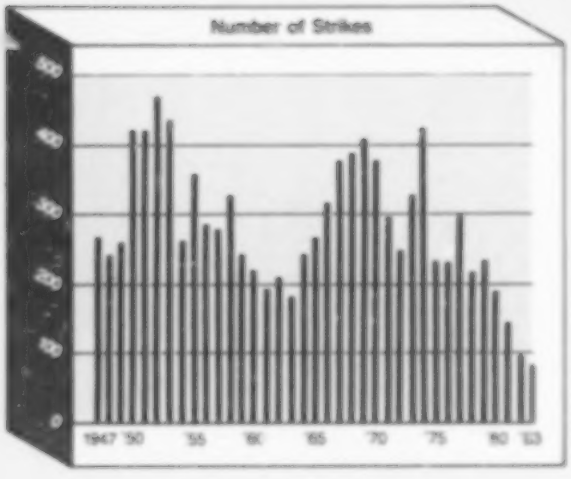
Post-World War II Trends in Strike Activity

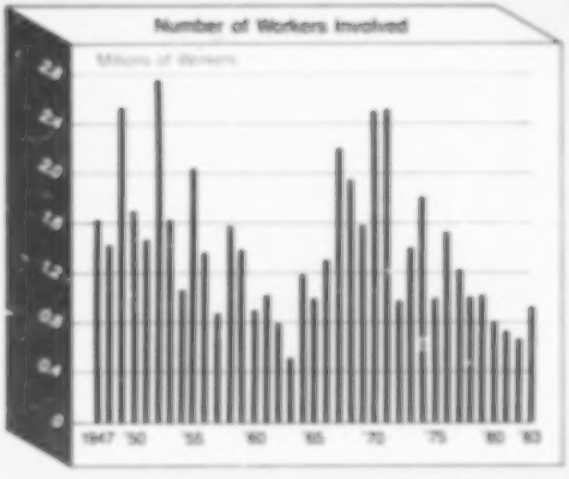
Economic Road Maps
Nos. 1984–1985

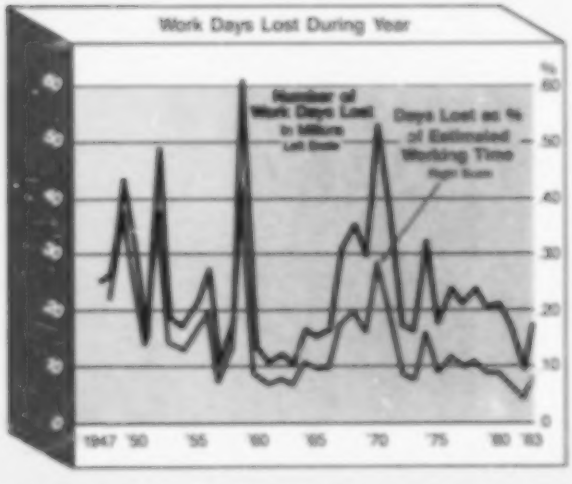
November, 1984

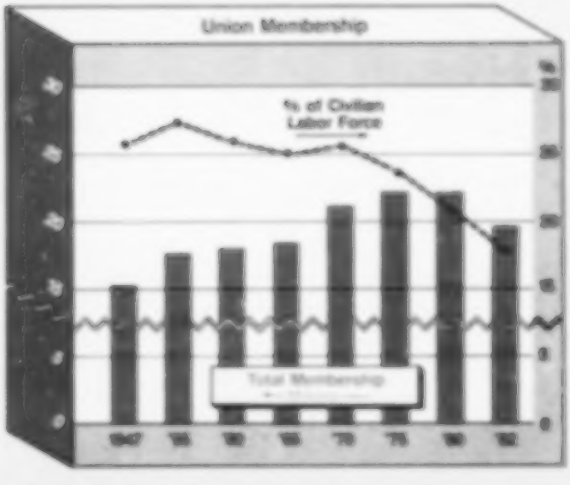
Strikes are a time-honored institution in the history of industrial relations in the United States. The first recorded instance come back in 1776, when printers in New York City, after having been refused a wage increase, ordered a "turn-out" and forced their employers to grant the increase. The post-World War II era was characterized by high strike activity, whether measured by number of strikes, number of workers involved in work stoppages, or annual days of idleness. This came to a sudden stop in the late 1970's: Strike activity not only declined, it is now by far the lowest in the post-World War II era. There were 81 work stoppages involving 1,000 workers or more in 1983, the latest date for which figures are available. This contrasts with an annual average of 289 during the 1970's. The number of workers involved totaled 909,000 in 1983 as against an average of almost 1½ million during the preceding decade. The days idle during the year numbered 17 million as against an average of 26 million during the 1970's.

Strike Activity in the United States
Involving 1,000 Workers or More
1947–1983





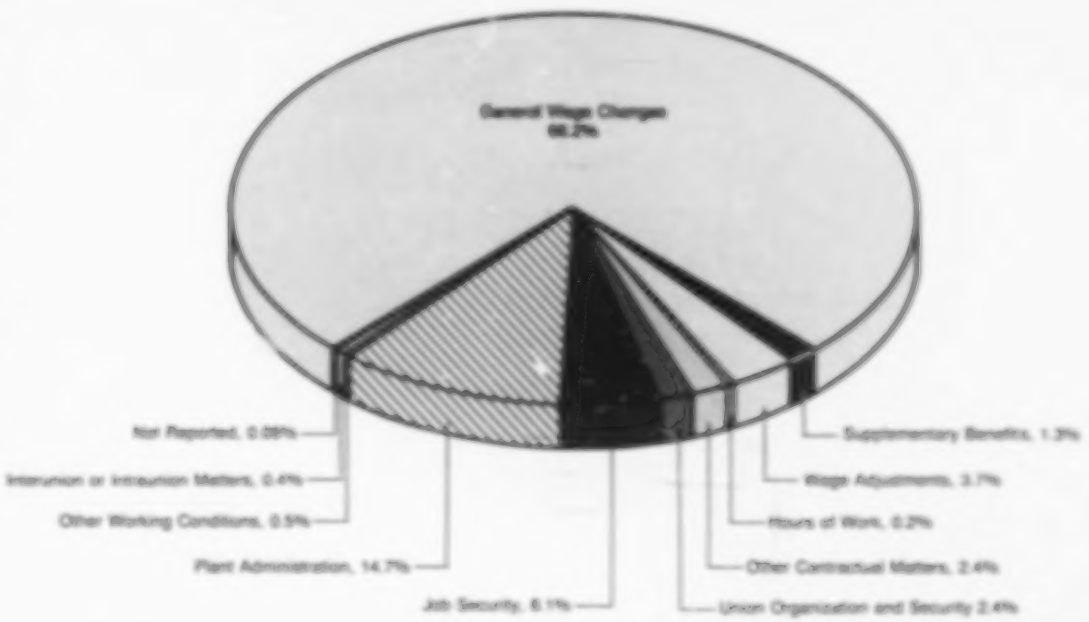

Work Days Lost During Year
Number of Work Days Lost in Millions
Days Lost as % of Estimated Working Time
1947 '50 '55 '60 '65 '70 '75 '80 '83



Note: The number of stoppages and workers relate to stoppages that began during the year; days of idleness include all stoppages in effect.

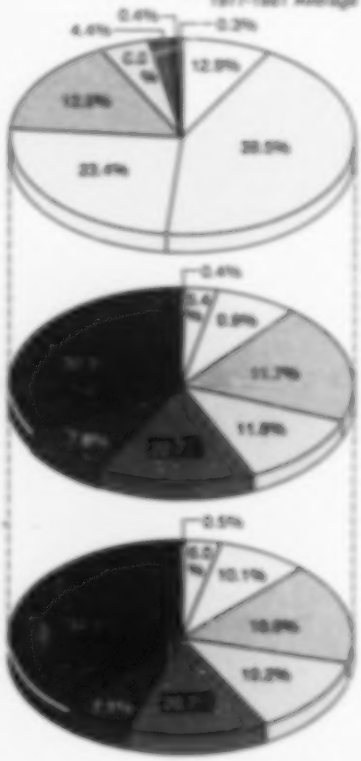
Work Stoppages Involving 6 or More Workers by Major Issues

1977-1981 Average



Work Stoppages by Size of Stoppage

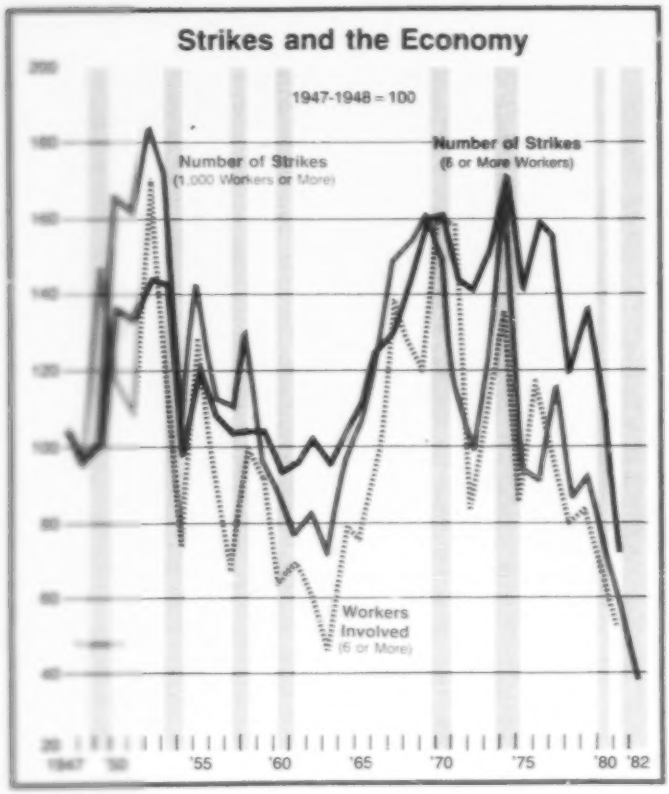
1977-1981 Average



The terms "strike" and "work stoppage" are used interchangeably in this road map. Also, no distinction is made in the data between a strike, in which labor refuses to work, and a lockout, in which management does not allow employees to work on their jobs; both legal and illegal strikes are included, but slowdowns are not. Before 1982, the Bureau of Labor Statistics data included work stoppages involving six or more workers, but starting with that year only stoppages involving 1,000 or more employees are recorded.

The strike trend generally tends to follow the business cycle. On the whole, strikes tend to diminish when business activity declines and job opportunities become scarce. Economic recovery is generally accompanied by revival of trade-union activity and industrial disputes. This relationship, however, does not show a tight regularity; other factors also play a role. The present situation may serve as an example: In spite of a booming economy, strikes not only failed to materialize, they have, in fact, declined. The post-World War II trend in strike activity has, without exception, produced a peak every third year in the number of workers involved in strikes. These have arisen, in part, as a result of the three-year duration of a large number of major union contracts; but this trend is also on the wane.

The clue to the changing situation lies with organized labor. Union membership has been declining over the years; after rising to a high of 20.8 million in 1974, it declined to an estimated 19.8 million in 1982. The decline was especially sharp during the 1981-1982 recession years, when membership fell by 2.6 million. Coupled with a 3.3 million rise in the civilian labor force, organized labor's share of the civilian work force declined to a low of 17.9



percent. Historically, union strength in the United States centered in smokestack industries. It was this sector that suffered the most striking setbacks recently—from low-cost, mostly foreign, competition and, in many cases, from falling demand for its products. A huge and costly modernization effort (which, in turn, would result in further pressure on jobs, either through elimination of existing positions or availability of jobs with different skills) weakened the unions' bargaining position even more. On the other hand, union strength has lagged in fast-growing idustries such as high-tech and services.

As a result, unions tended to be much less militant and concentrated on job-security issues rather than on wage demands, which used to be paramount. Some of the most recent settlements reflect this fact: The coal industry settled without a strike for the first time in 20 years, and the auto industry's settlements came about without any major upheavals.

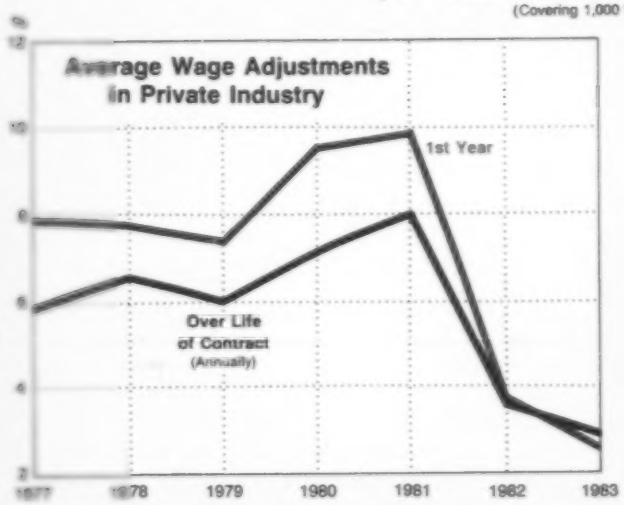
Wage settlements also reflect the moderation in union demands. In 1983, average wage adjustments in private industry were the lowest in the 16-year history of the Bureau of Labor Statistics series on collective bargaining settlements.

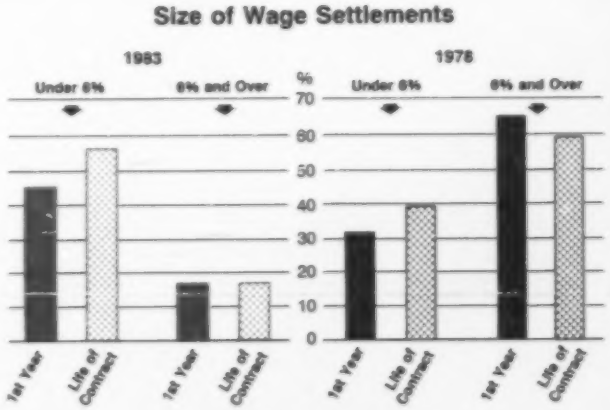
Eva Culen

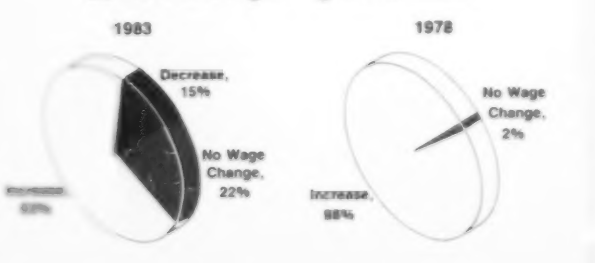
Sources: U.S. Department of Labor; International Labor Office; The Conference Board.

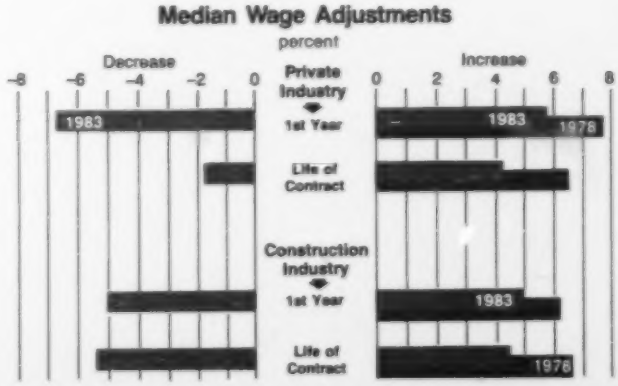
Major Collective Bargaining Settlements

(Covering 1,000 Workers or More)



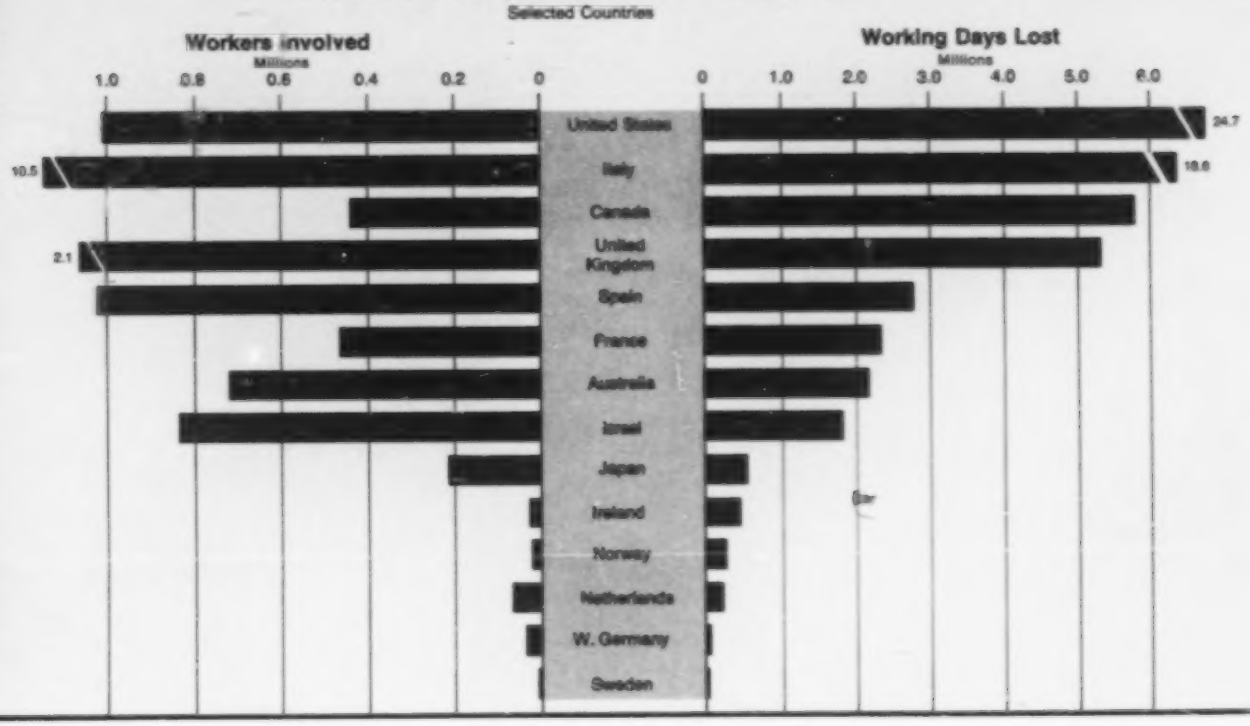




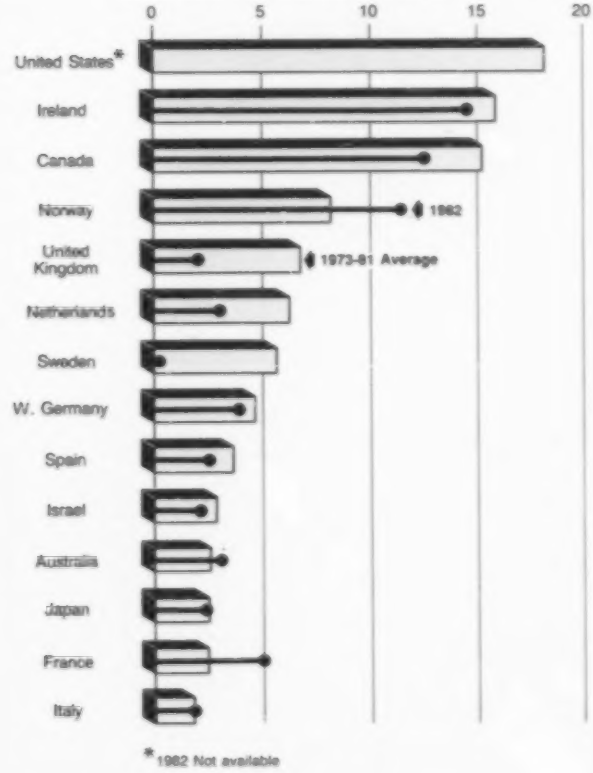


International Comparison of Strike Activity, 1982

Selected Countries



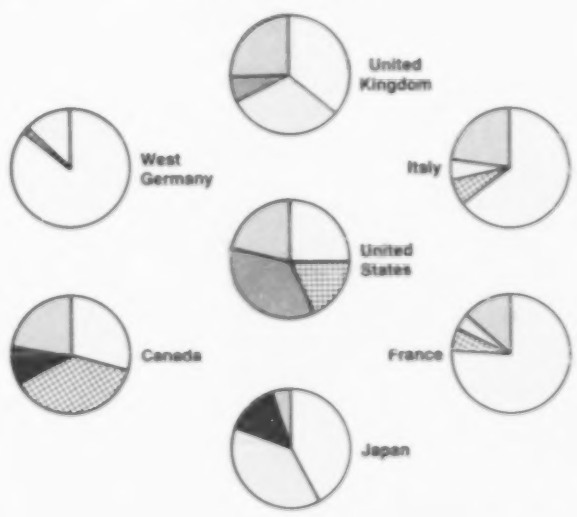
Days Lost Per Worker Per Year



*1982 Not available

Distribution of Work Days Lost by Major Industries, 1982

(Selected Countries)



ECONOMIC ROAD MAPS

Eva Culen, Editor — Chuck N. Tow, Chief Chartist

Prepared in The Business Conditions Analysis Department—Lora S. Collins, Director
Prices for Quantities of this chart will be supplied on request to Information Service.

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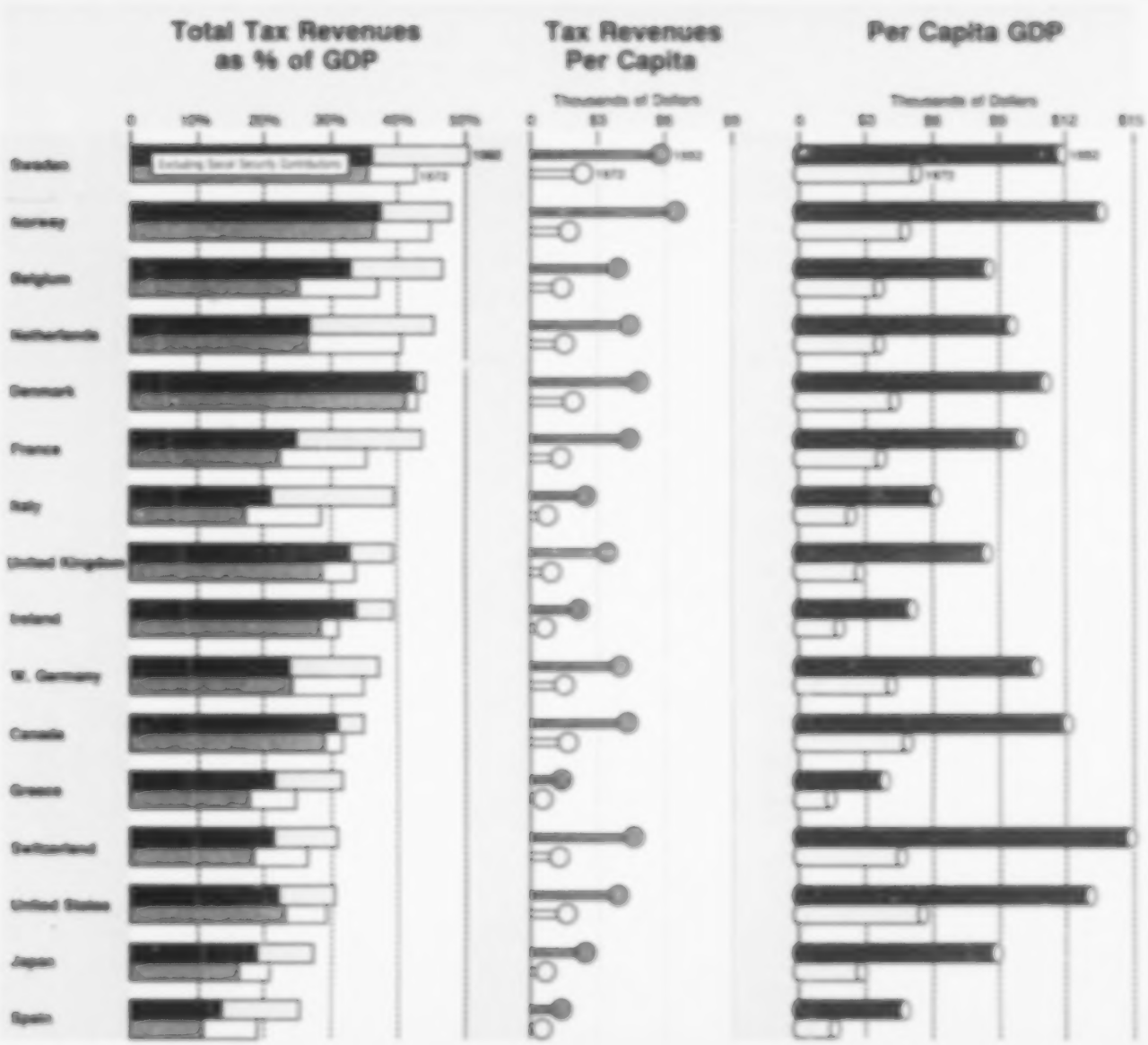
Taxes in Industrial Countries

Economic Road Map
No. 1986–1987

December, 1984
January, 1985

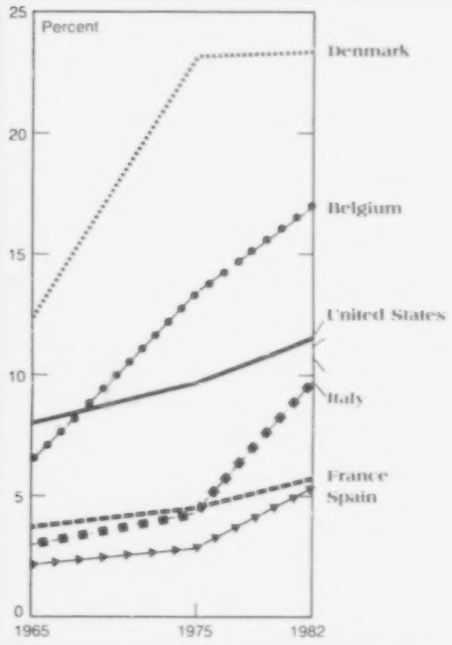
A country's tax burden is commonly measured by the ratio of total tax revenues to Gross Domestic Product (GDP). For the 24 OECD member countries as a whole, this ratio rose steadily from an average of 27% in 1965 to 31% in 1972 and 37% in 1982, but the extent of the increase varied greatly from country to country. The ratio rose by about one third in Japan, Italy and Spain, by a quarter in France and Belgium, and 17% in the U.K., while the United States and Denmark showed the lowest increases of 4% and 3%, respectively. Overall, Northern European countries and France are the most heavily taxed: Tax receipts in these countries account for over 40% of GDP. Germany and Canada are about average (mid 30s%) and the United States, Japan and Switzerland are at the lower end, with a tax-to-GDP ratio of around 30% percent.



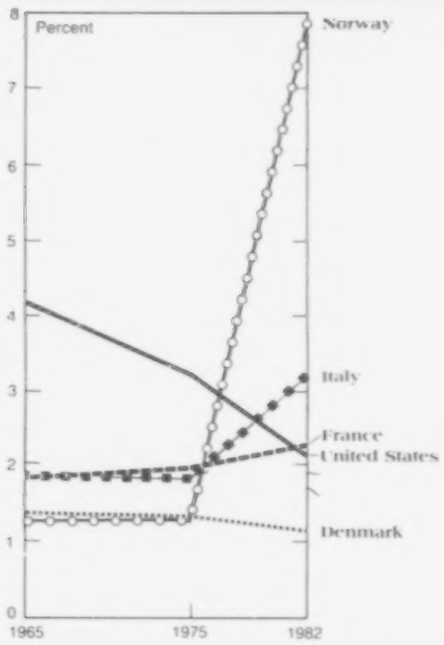
01/87

Selected Tax Receipts as Percent of Gross Domestic Product

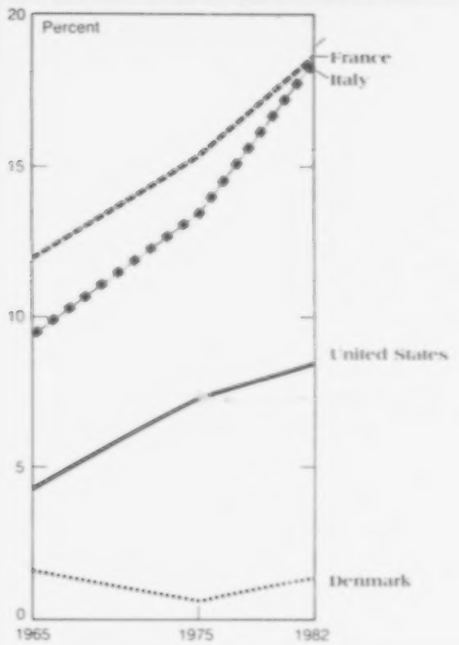
Taxes on Personal Income



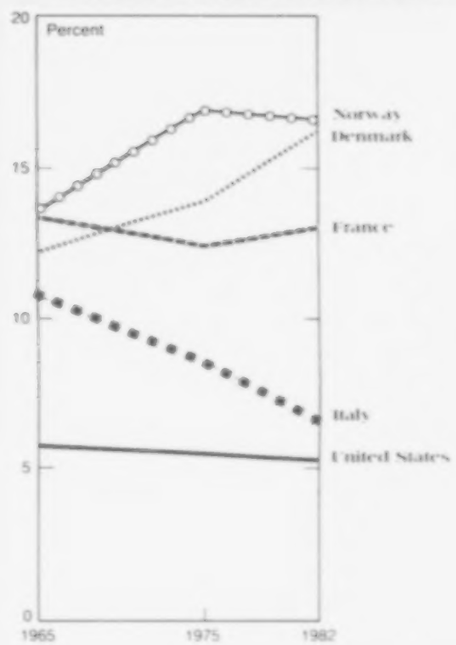
Taxes on Corporate Income



Social Security Contributions

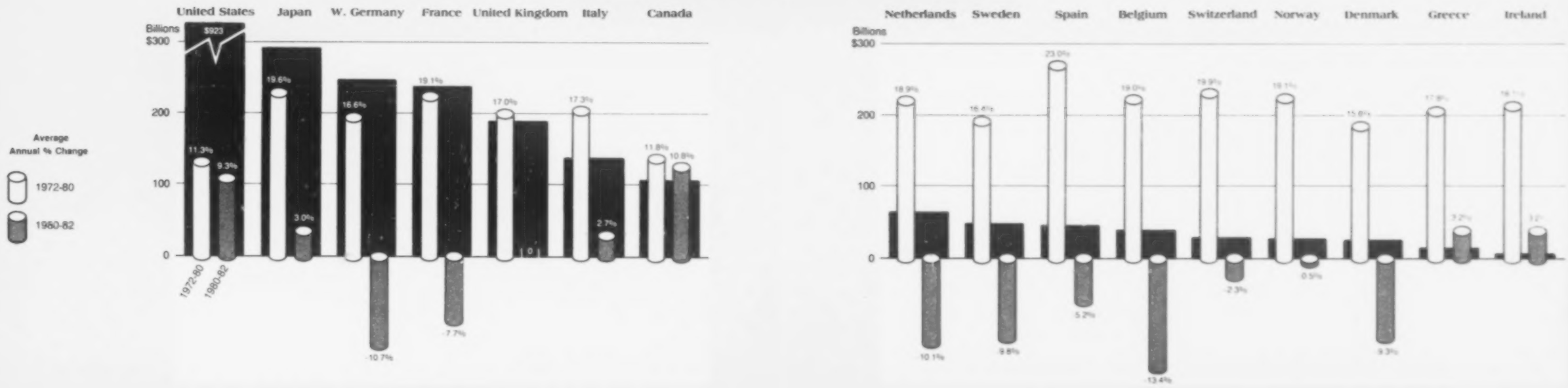


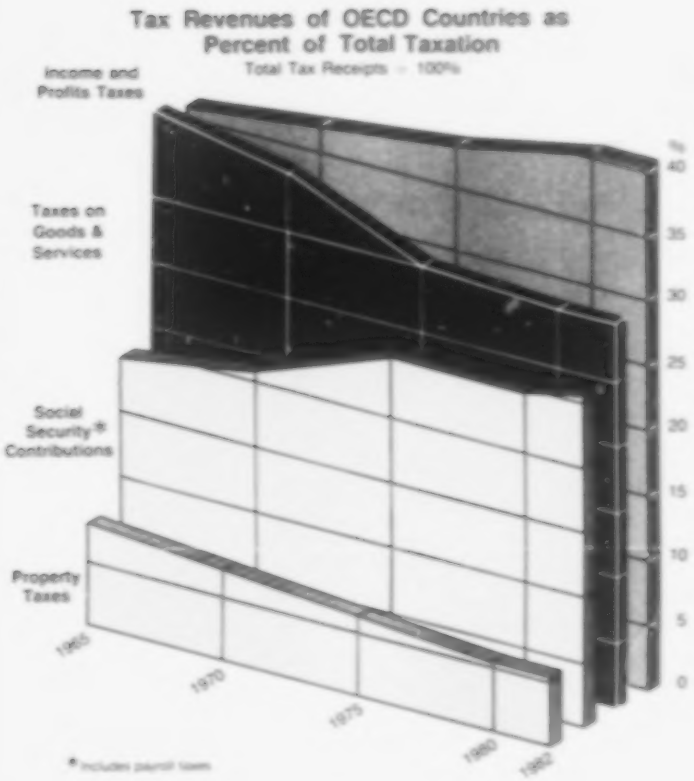
Taxes on Goods and Services



Tax Receipts - 1982

(Billions of Dollars)





Measured in dollars per head, the tax-burden picture shifts somewhat. Norway with $6,530 supplants Sweden ($6,000) as the highest taxed country, followed by Denmark ($4,800), Switzerland ($4,600) and France ($4,300). The per capita tax is around $4,000 in the United States, Germany and Belgium, $2,500 in Italy and Japan, and $1,200 in Greece and Spain.

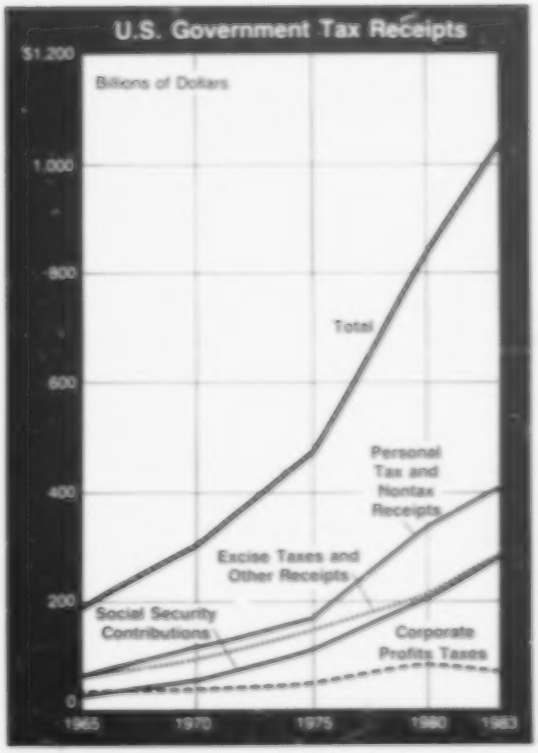
Governments rely on three main sources of tax for revenue—taxes on income and profits, taxes on goods and services (sales, value added, excise taxes), and social security contributions (by both employers and employees). Property taxes in most countries account for less than 2% of GDP.

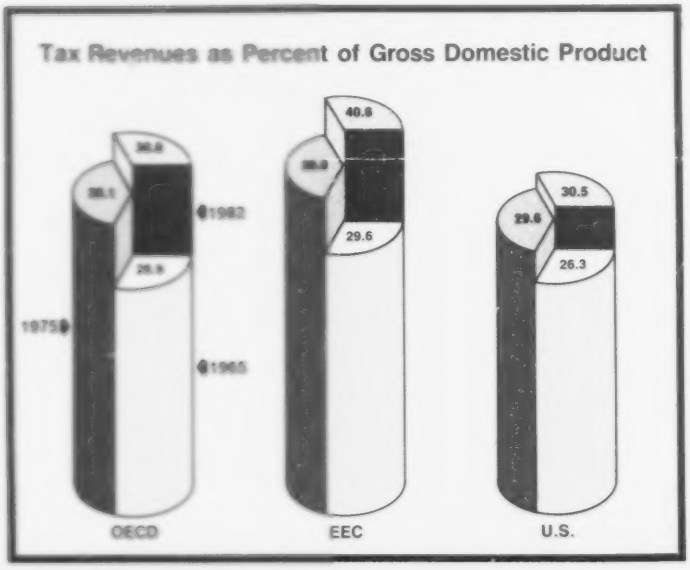
Government transfer payments are a form of negative taxation. Family allowances or subsidies to business can take the form either of tax relief or of direct transfers financed from government revenues. When the tax relief method is used, the result is to depress the amount of tax revenues collected. Most countries use a combination of the two methods in their pursuit of certain public policy objectives.

As a consequence of economic growth and the resulting rise in nominal incomes, and a progressive tax structure in the OECD countries, tax revenues in the OECD grew at about 15% annually between 1972 and 1980. The advance has since slowed to approximately ¾% per year. A number of countries actually have seen their tax revenues decline, especially those with a high tax-to-GDP ratio.

Eva Culen

Sources: OECD; U.S. Department of Commerce; The Conference Board.





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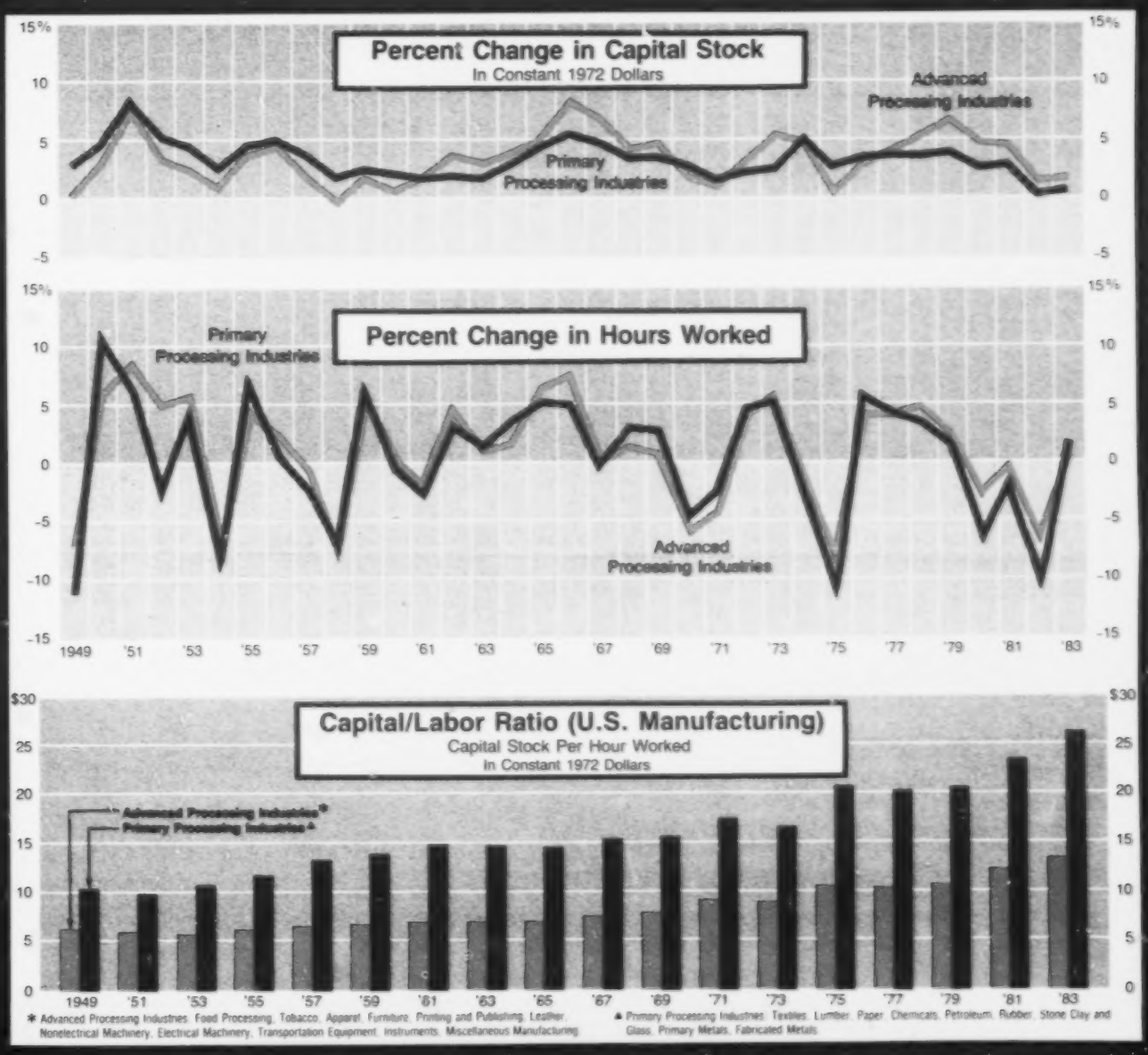
Capital/Labor Ratio: U.S. – Japan Comparison

Economic Road Maps
Nos. 1988-1989

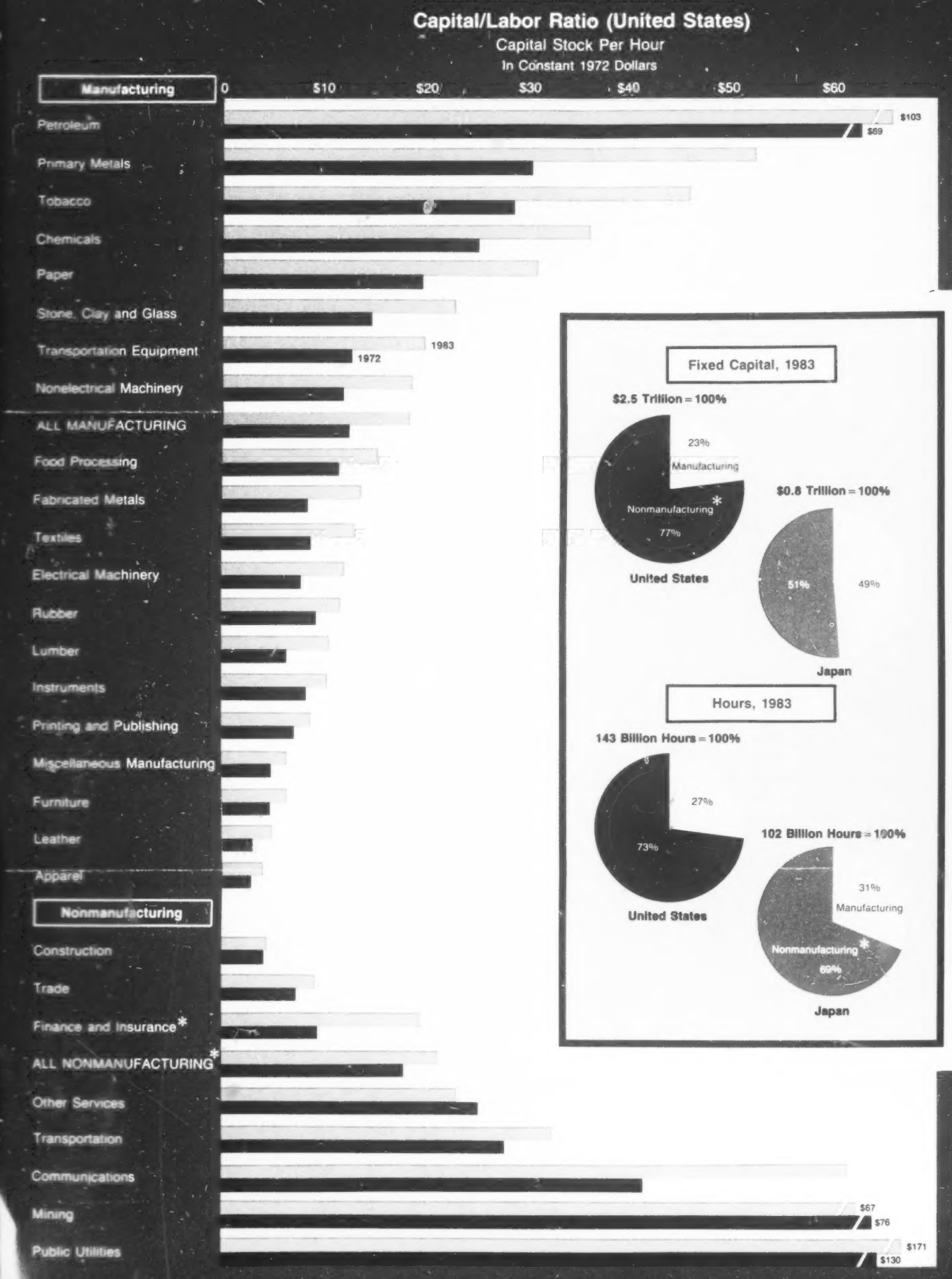
February, 1985

Labor and capital are the essential inputs in the production process. Raw materials or ideas become goods or services with the necessary tools in properly trained hands. Some processes are labor intensive—that is, they require large amounts of labor input relative to capital input; other processes are capital intensive. In general, the U.S. capital stock has been rising faster than the number of worker hours over the last few years. As a result, the rise in the economywide capital/labor ratio has accelerated. This trend is, in turn, a contributing factor in the faster rate of labor productivity gain in the last few years.



* Advanced Processing Industries: Food Processing, Tobacco, Apparel, Furniture, Printing and Publishing, Leather, Nonelectrical Machinery, Electrical Machinery, Transportation Equipment, Instruments, Miscellaneous Manufacturing

▲ Primary Processing Industries: Textiles, Lumber, Paper, Chemicals, Petroleum, Rubber, Stone Clay and Glass, Primary Metals, Fabricated Metals


Capital/Labor Ratio (United States)
Capital Stock Per Hour
In Constant 1972 Dollars
Manufacturing
0
$10
$20
$30
$40
$50
$60
Petroleum
Primary Metals
Tobacco
Chemicals
Paper
Stone, Clay and Glass
Transportation Equipment
Nonelectrical Machinery
ALL MANUFACTURING
Food Processing
Fabricated Metals
Textiles
Electrical Machinery
Rubber
Lumber
Instruments
Printing and Publishing
Miscellaneous Manufacturing
Furniture
Leather
Apparel
Nonmanufacturing
Construction
Trade
Finance and Insurance*
ALL NONMANUFACTURING*
Other Services
Transportation
Communications
Mining
Public Utilities
$103
$69
1983
1972
$67
$76
$171
$130
Fixed Capital, 1983
$2.5 Trillion = 100%
23%
Manufacturing
Nonmanufacturing*
77%
United States
$0.8 Trillion = 100%
51%
49%
Japan
Hours, 1983
143 Billion Hours = 100%
27%
73%
United States
102 Billion Hours = 100%
31%
Manufacturing
Nonmanufacturing*
69%
Japan

Capital/Labor Ratio (Japan)

Fixed Capital Stock Per Hour
In Constant 1972 Dollars

TECHNICAL NOTE ON THE DATA

HOURS: For United States, all hours worked plus paid vacation, holidays, and sick leave.

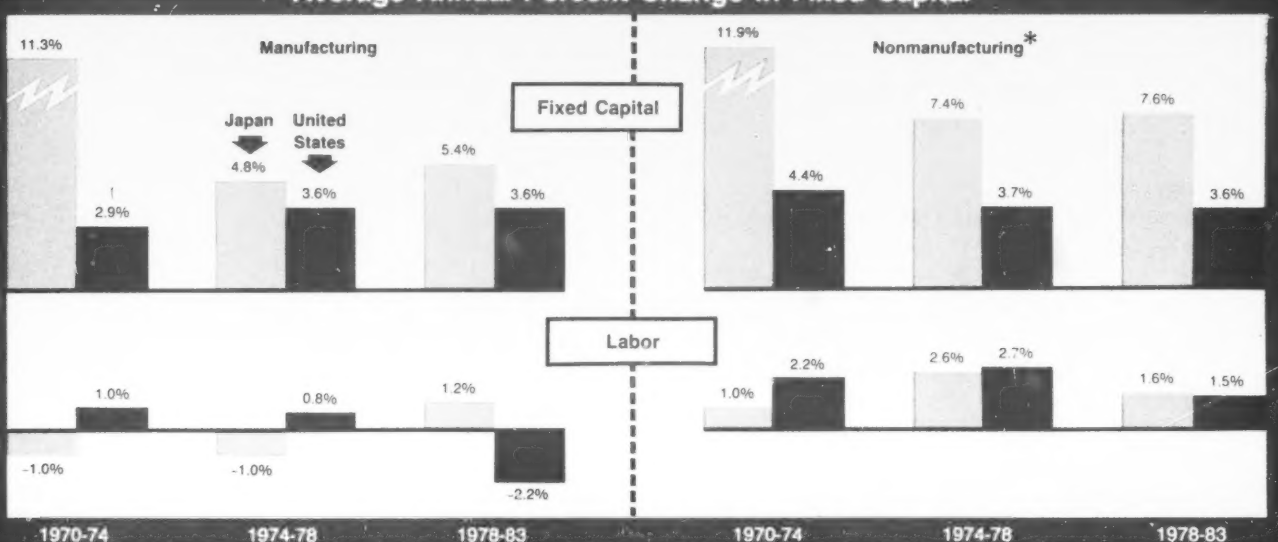
For Japan, only hours worked.

CAPITAL: All estimates are the historical value of assets (undepreciated) in constant 1972 dollars (inflation adjusted).

For United States, assets include land, inventory, plant and equipment.

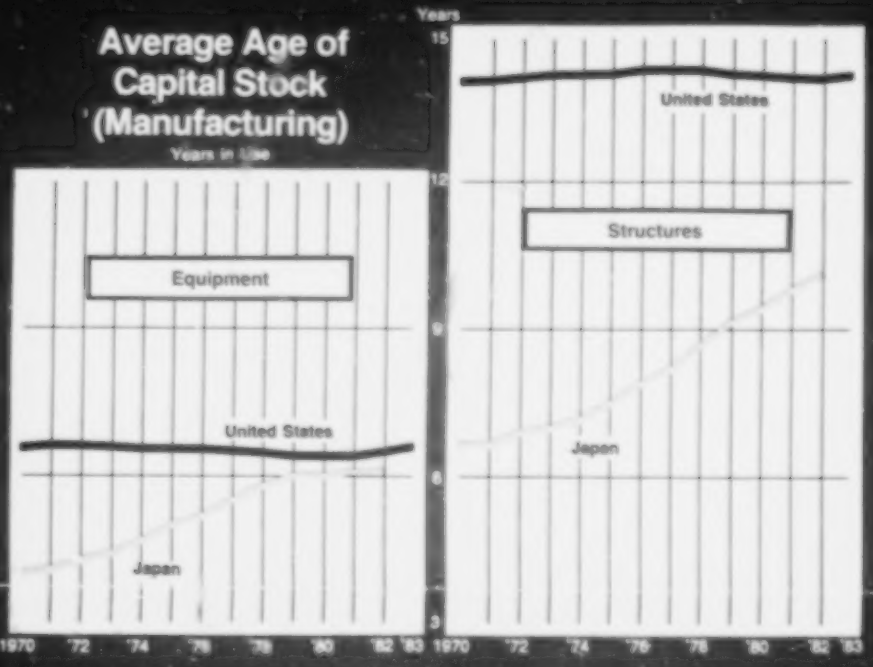
For Japan, assets include only plant and equipment (fixed capital). Asset values in yen were converted to dollar amounts using a fixed exchange rate of 250 yen = $1 (that is, actual currency fluctuations were ignored).

Average Annual Percent Change in Fixed Capital



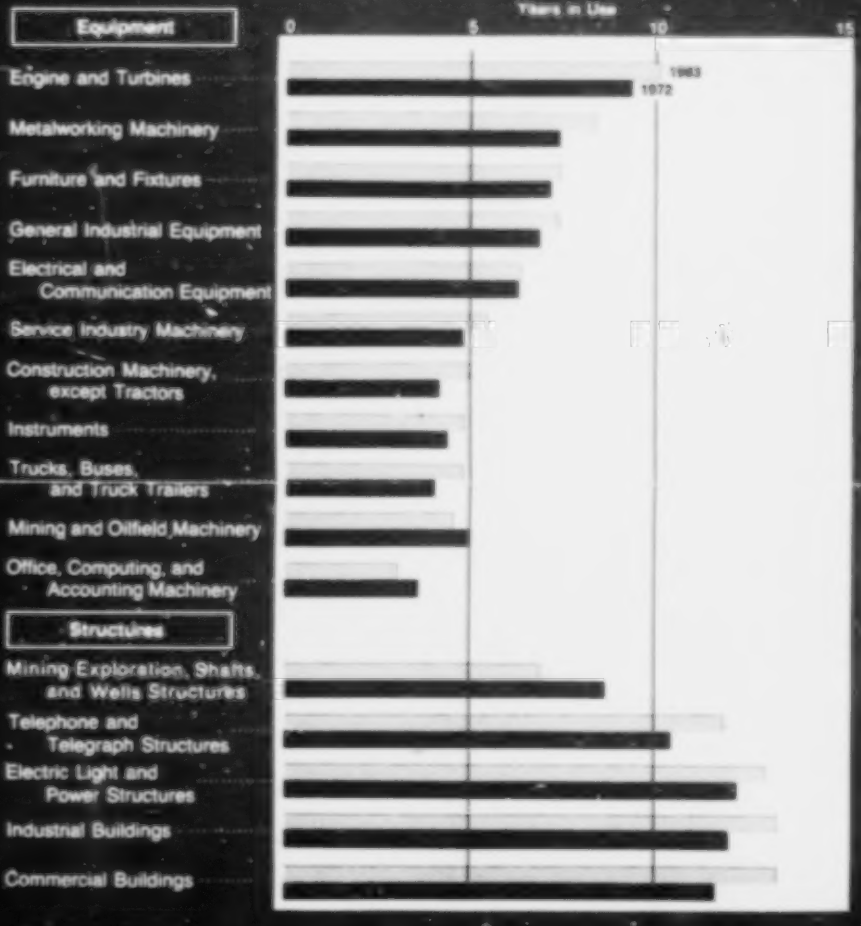
* Nonmanufacturing data exclude Real Estate.

Average Age of Capital Stock (Manufacturing)



Average Age of Capital Stock – United States

By Selected Type of Equipment and Structures



Labor input is measured here by the total number of worker hours. This is a commonly used but somewhat crude measure because all workers are not equally productive. Capital input is measured here by the value of land, inventory and fixed capital (plant and equipment), deflated into constant dollars but without any allowance for depreciation. Changes in land values are inconsequential; changes in inventory are tied to the overall rate of economic activity—and service providers have no inventory. Growth in the stock of capital, then, is principally a reflection of additional buildings and machinery. Over the last 35 years, the stock of capital has increased by an average annual rate of about 3.9%, while the number of hours worked rose at about a 1.2% rate. Thus, the capital/labor ratio for all business has risen from $8.23 in 1948 to $20.33 by 1983 (expressed in 1972 dollars).

The mix of capital and labor inputs varies from one industry to another. In 1983, the public utilities had a capital/labor ratio of $171, while the ratio for the labor-intensive apparel industry was $4. In general primary-processing industries (those that turn raw material into semi-finished products) require more capital stock relative to labor, than do more advanced stages of production. A comparison of U.S. and Japanese industries shows that the type of industrial process, not geography, is the determining factor. The comparison does show, however, that while the U.S. capital stock is generally older than the Japanese, a slowing in the Japanese rate of investment over the last few years has been gradually narrowing the differences.

Akio Tamagawa
Ken Goldstein

Sources: *Japan* Economic Planning Agency; Department of Labor; Japan Development Bank; *U.S.* Bureau of Economic Analysis; American Productivity Center; The Conference Board.

ECONOMIC ROAD MAPS

Eva Cukier, Editor — Chuck N. Low, Chief Charter

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The Conference Board

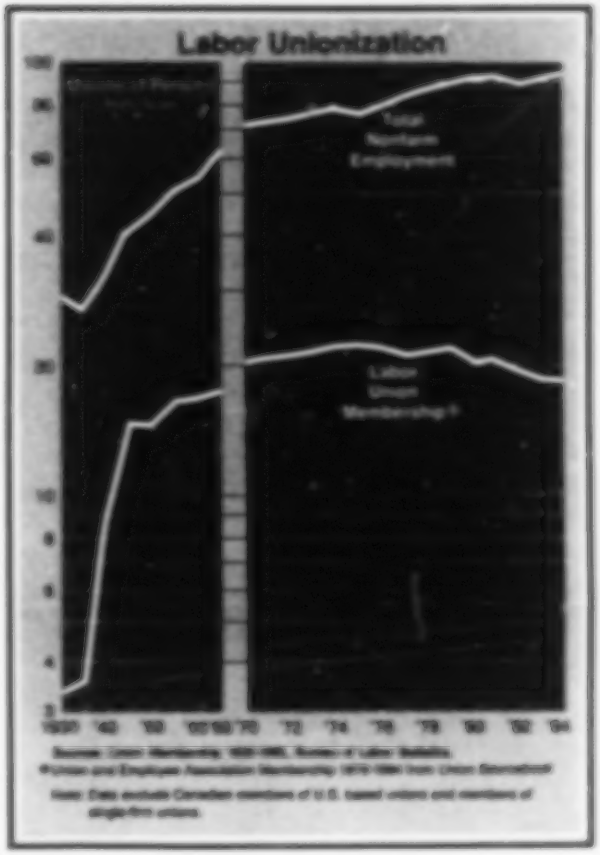
Union Membership

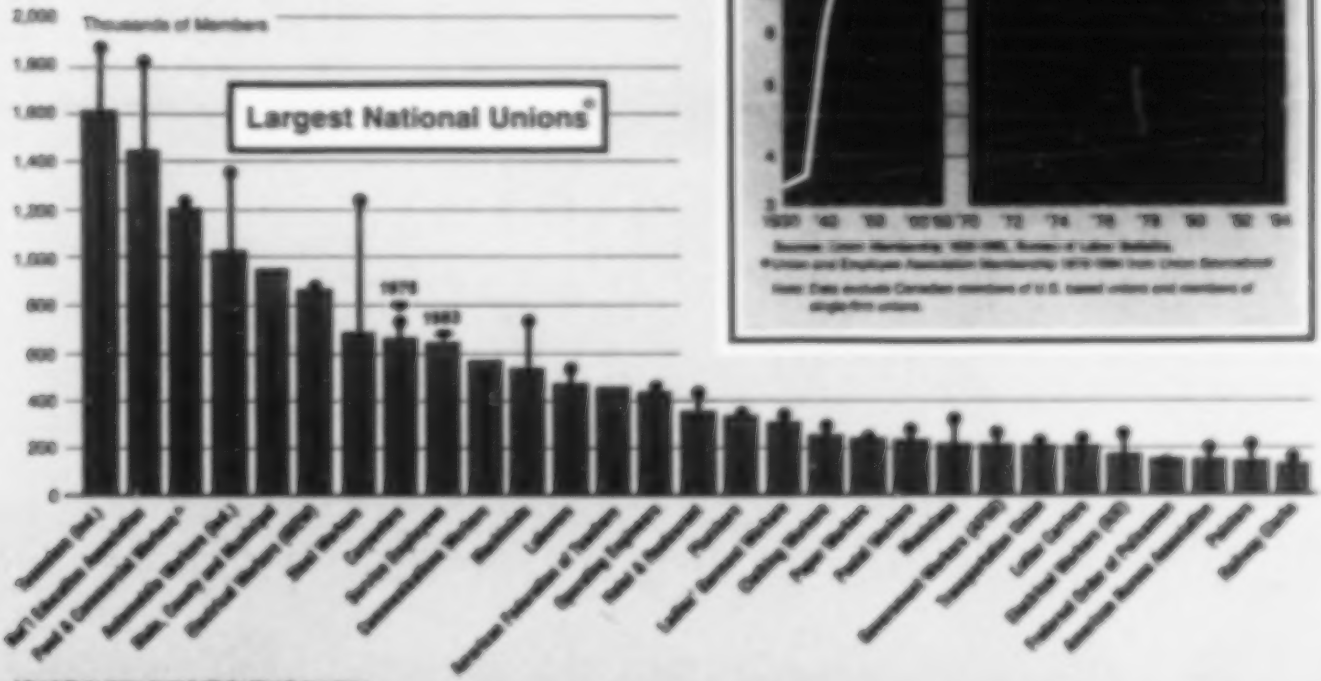
Economic Road Maps
Nos. 1990-1991
March, 1985

About 3.5 million U.S. workers carried union cards in 1935—the year in which the National Labor Relations Act was passed. (Among other provisions, this act stated explicitly that employees had the right to organize and bargain collectively through a union.) Over the next five years, membership more than doubled; it doubled again by the mid-1950's. The period between 1935 and the mid-1950's saw major expansions in industries where union organizing efforts were strong—industries such as manufacturing, construction and transportation. Since the mid-1950's, however, economic activity has been expanding faster in service-producing industries than in goods-producing industries. Union membership began to grow more slowly after the mid-1950's, and it has actually been declining since 1976.

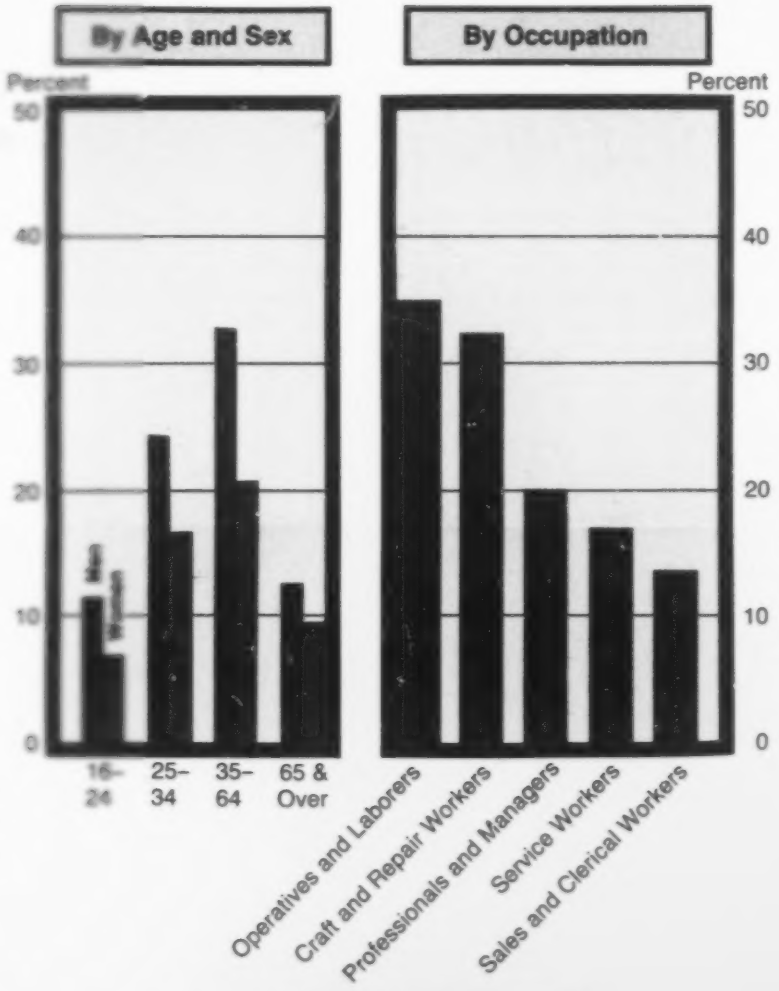
There were 21.9 million dues-paying members of a union or an employee association in 1973. Membership peaked at 22.2 million in 1975, then gradually declined to 20.6 million by 1981. In the succeeding three years, union membership fell sharply to only 18.3 million in 1984. Meanwhile, the work force had grown from 76.8 million in 1973 to 94.2 million in 1984.

The modern American labor movement dates from the formation of trade unions after the turn of the century. The core of the movement remains in unions representing blue-collar workers in manufacturing, construction and mining. A little more than one-third of union members today work in goods-producing industries, just about one-third work in federal, state or local government and a little less than one-third work in private service-producing industries. The total work force,





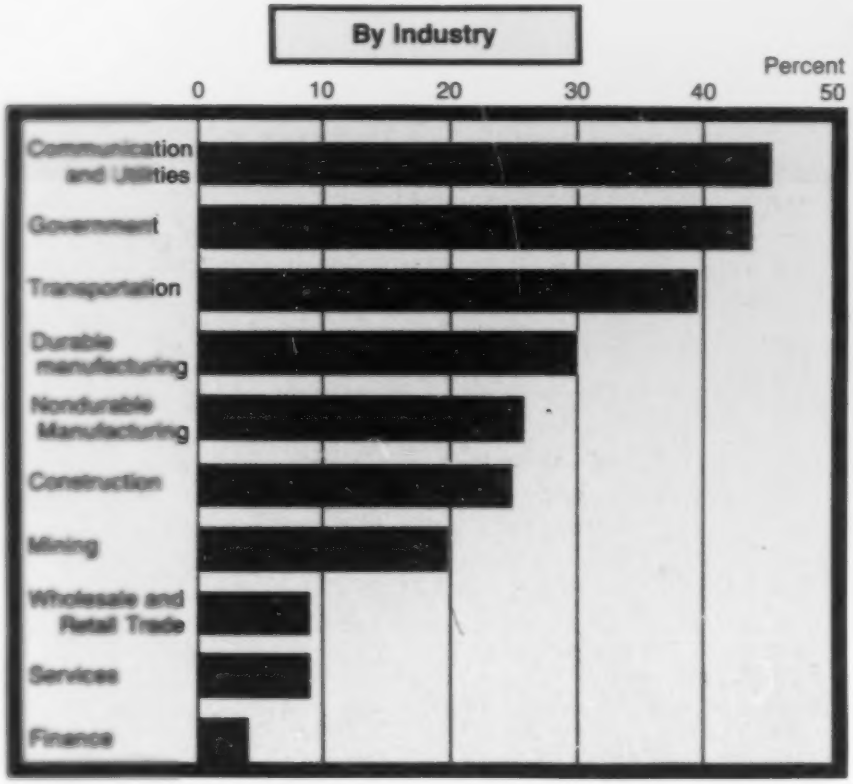
Share of Employees Represented by a Union, 1984



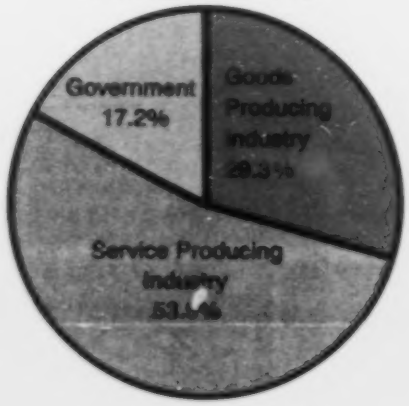
however, is not so evenly divided. A little more than half of all workers are employed in the service sector, just under one third in goods production and only 17.2% in government.

The mere number of union members does not convey the full strength of the labor movement. For example, only 19.4% of the nonagricultural work force were dues-paying union members in 1984 but 21.2% were covered by a union-negotiated contract. Nonetheless, union membership, and hence the influence of organized labor, declined after the mid-1970's and the shutdown of 'smokestack' industries accelerated this trend. For example, there were 1.2 million members of the Steel Workers union in 1976. That figure fell to 700,000 by 1983. Membership in the Automobile Workers union declined from 1.4 million to 1 million over the same period.

The absolute number of manufacturing employees is not likely to rise significantly in the next decade. Union organizing efforts, therefore, are being concentrated on the sizable service sector. As a result, the name of a union sometimes



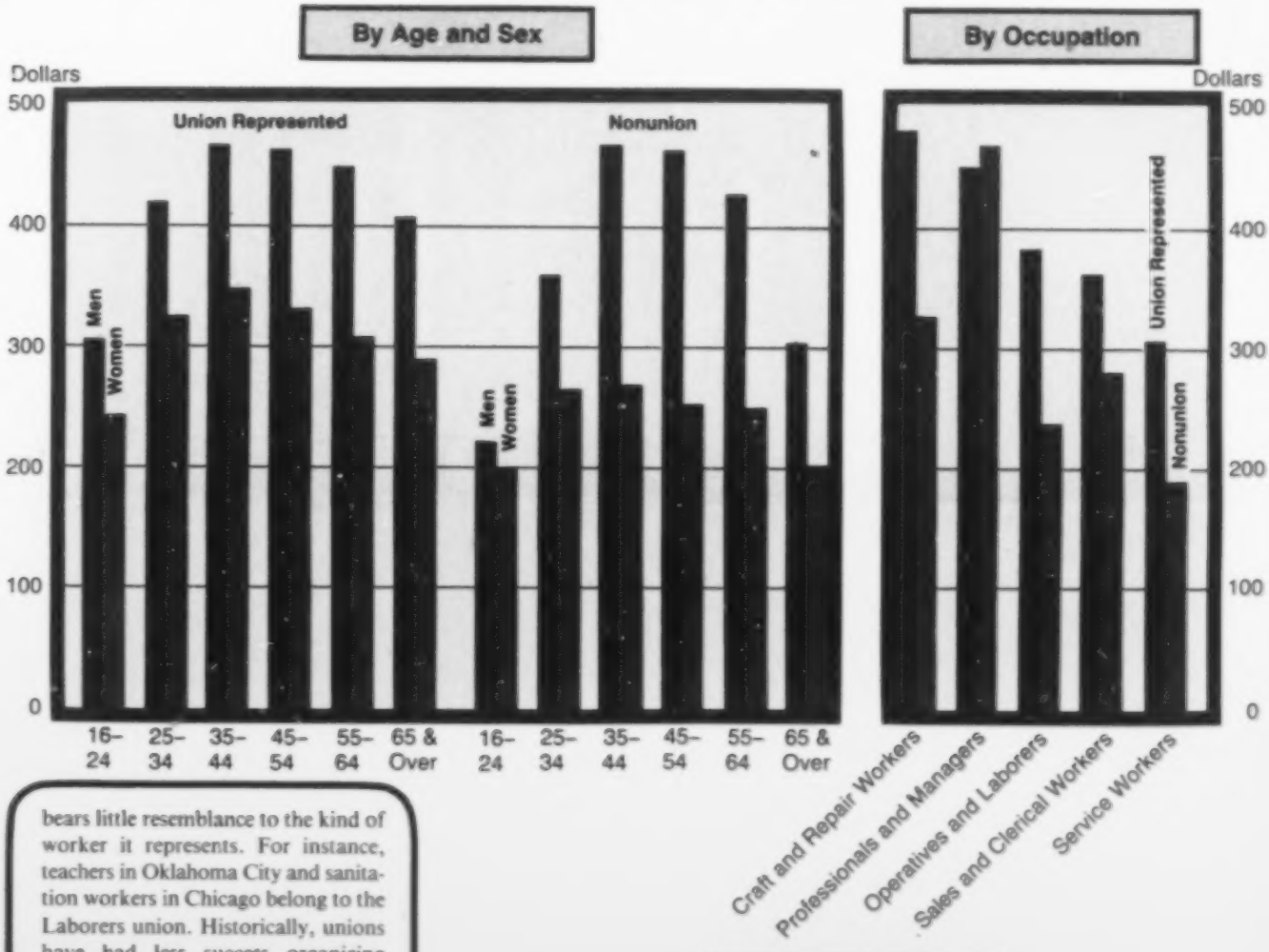
Work Force, 1984▲
92.2 Million = 100%



Union Membership, 1984▲
17.4 Million = 100%

▲ Nonagricultural employment

Average Weekly Earnings, 1984

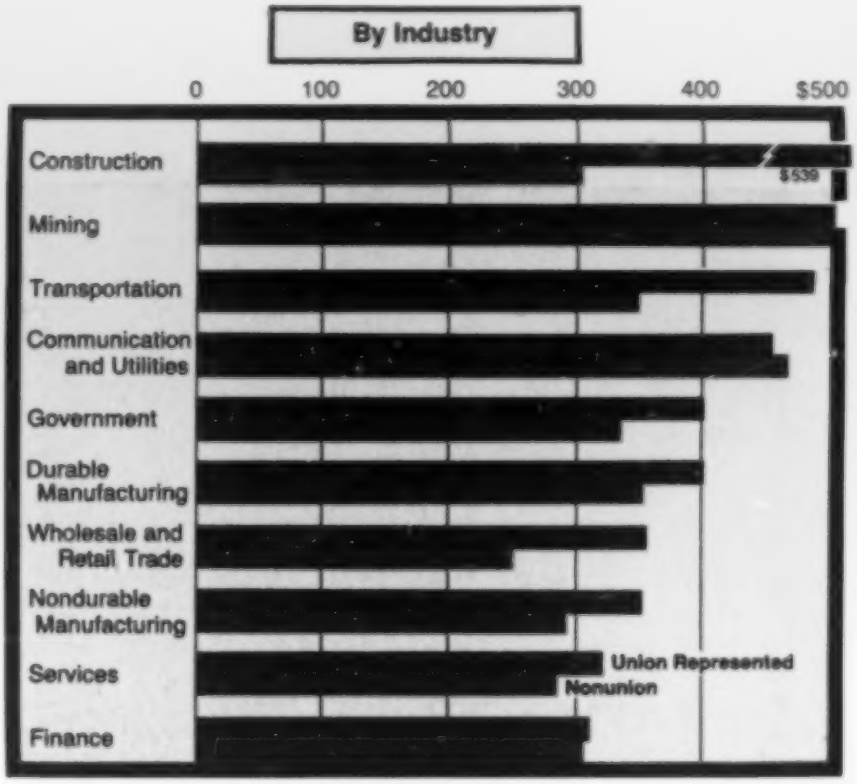


bears little resemblance to the kind of worker it represents. For instance, teachers in Oklahoma City and sanitation workers in Chicago belong to the Laborers union. Historically, unions have had less success organizing among office workers or in service industries than in basic manufacturing. Unless efforts are more successful than in the past, the strength and influence of the labor movement will continue to wane.

An international comparison indicates that workers in a large auto plant or steel mill are likely to be organized, whether the factory is in Gary, Indiana or Turin, Italy. Labor movements in other developed economies, however, have been more successful in smaller plants and among office workers. The degree of union strength depends not only on the type of work performed but also on the sociopolitical environment in which economic activity takes place.

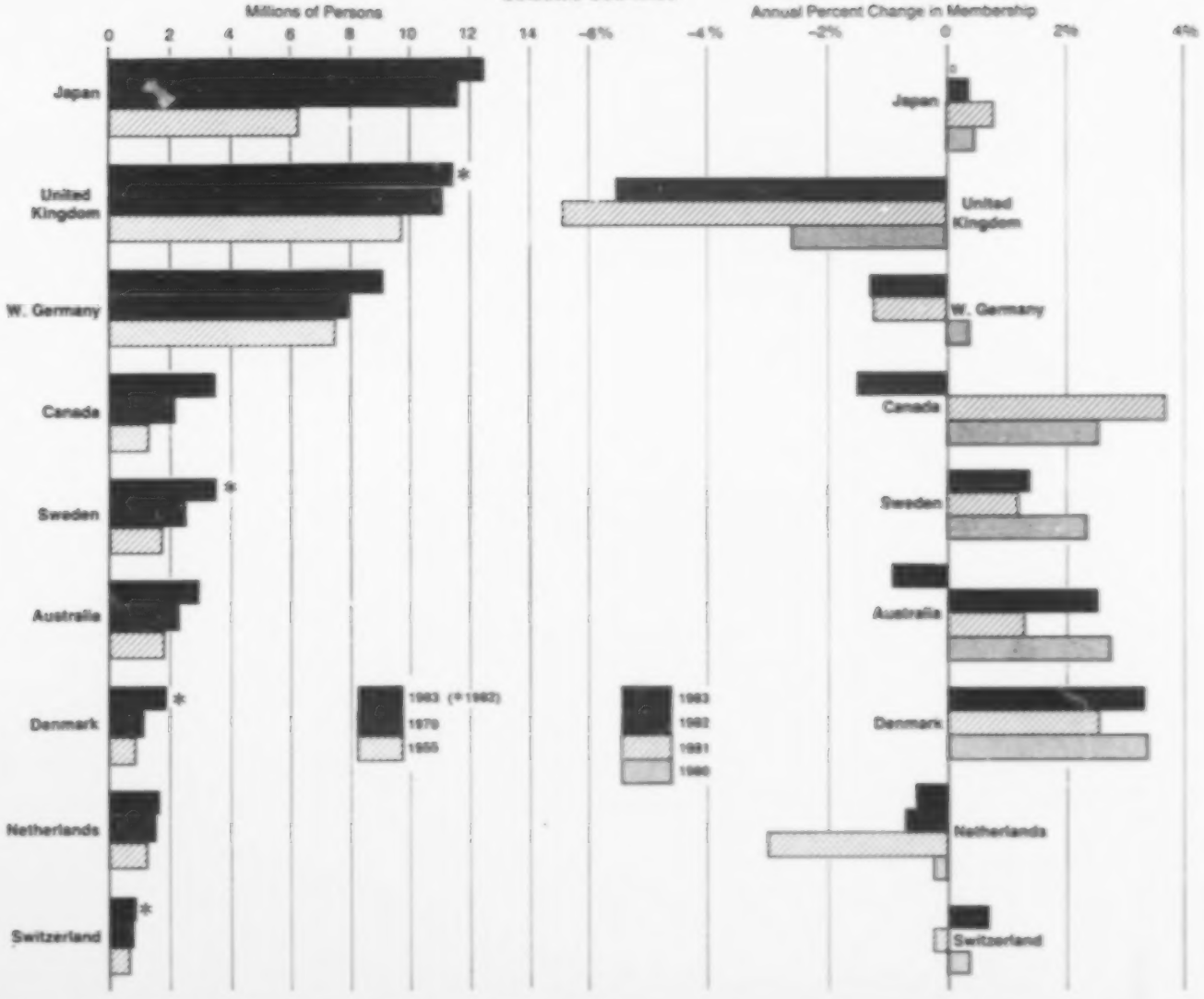
Ken Goldstein
Eva Culen

Sources: *Union Sourcebook*, Leo Troy & Neil Sheflin (IRDIS; W. Orange, NJ, 1985); Bureau of Labor Statistics; International Labor Organization; The Conference Board.

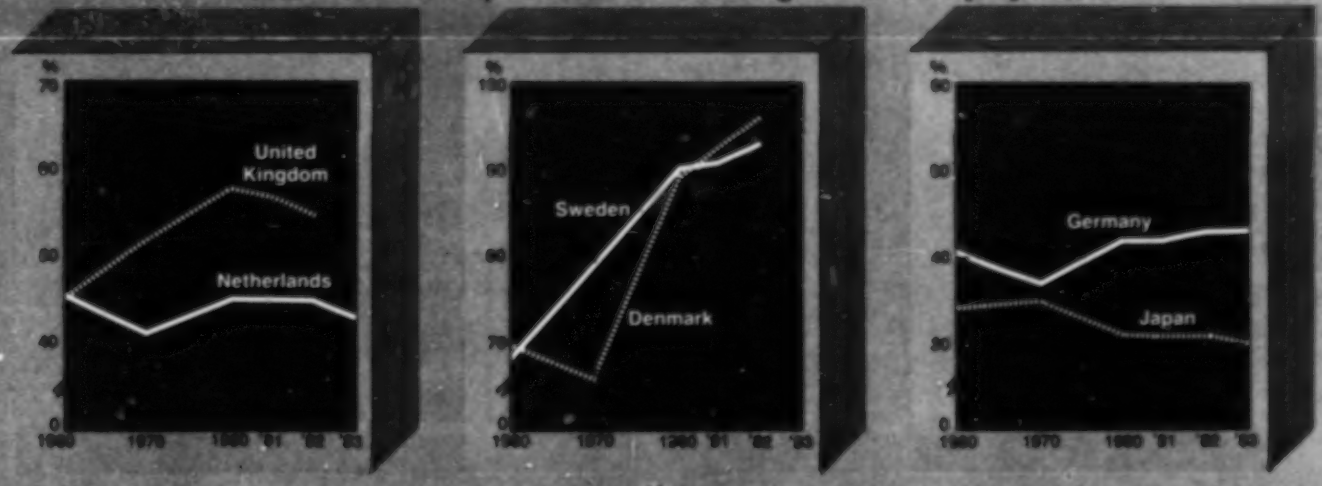


Union Membership

Selected Countries



Union Membership as a Percent of Nonagricultural Employment



ECONOMIC ROAD MAPS

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Prepared in The Business Conditions Analysis Department - Eva N. Galen, Director
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ECONOMIC ROAD MAPS

Eva Culen, Editor — Chuck N. Tow, Chief Chartist

Prepared in The Business Conditions Analysis Department—Lora S. Collins, Director

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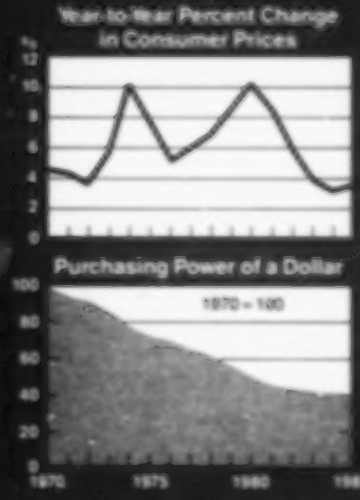
THE CONFERENCE BOARD

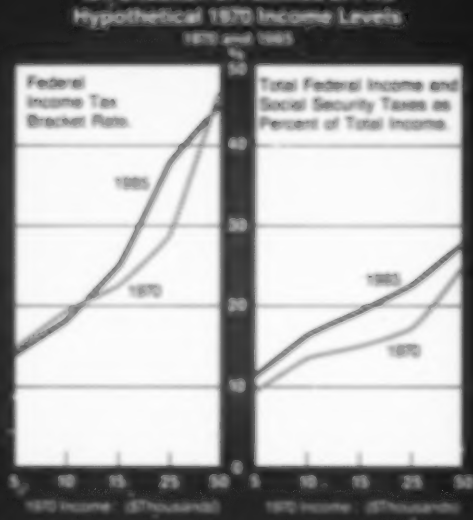
The Two-Way Squeeze, 1985

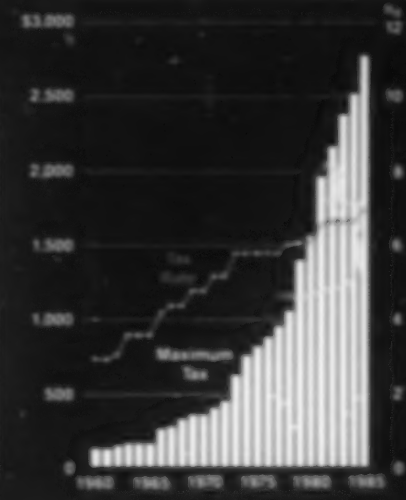
Economic Road Maps
No. 1992

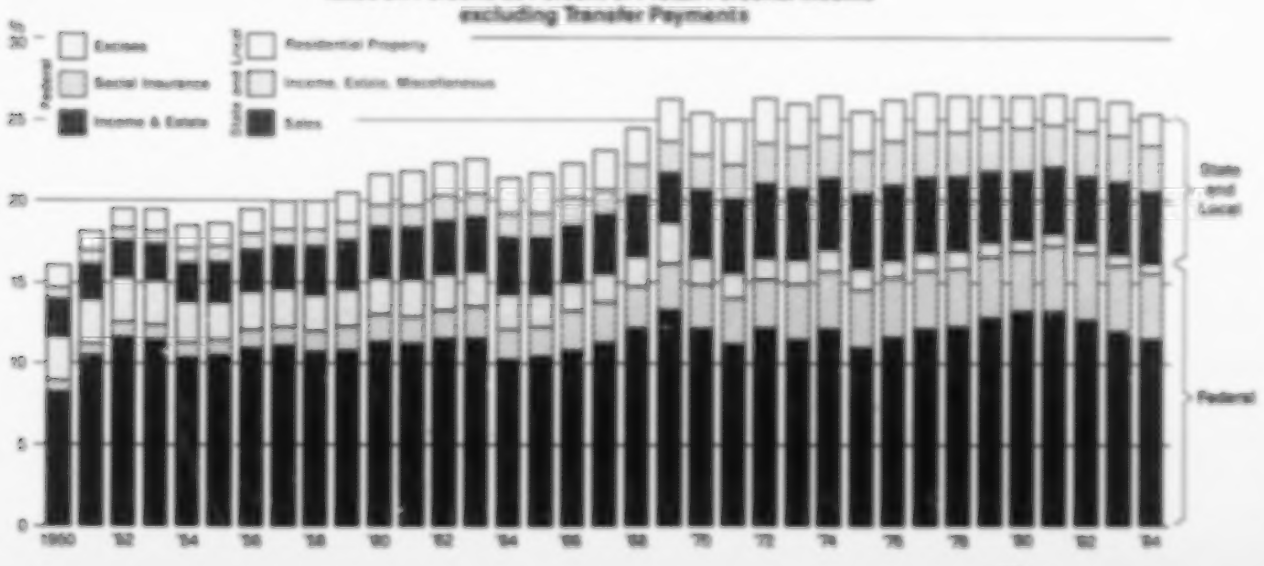
April 1985

The rate of inflation in the United States has deteriorated sharply during the past 5 years; nevertheless the purchasing power of a dollar's worth of income will amount this year to only 40.6% of its 1970 purchasing power (see charts below at left). A lower-moderate income family which had a pretax $10,000 income in 1970—about the median then—needs $25,450 in 1985 to maintain its 1970 real after-tax purchasing power. Most of the increase is needed to cover inflation since 1970; almost a quarter is needed to offset higher taxes, principally higher social security taxes. Details of the "two-way squeeze" of inflation and taxes are on page 2.




Tax Situation of Families at Five Hypothetical 1970 Income Levels
1970 and 1985
Federal Income Tax Bracket Rate
Total Federal Income and Social Security Taxes as Percent of Total Income
1985
1970





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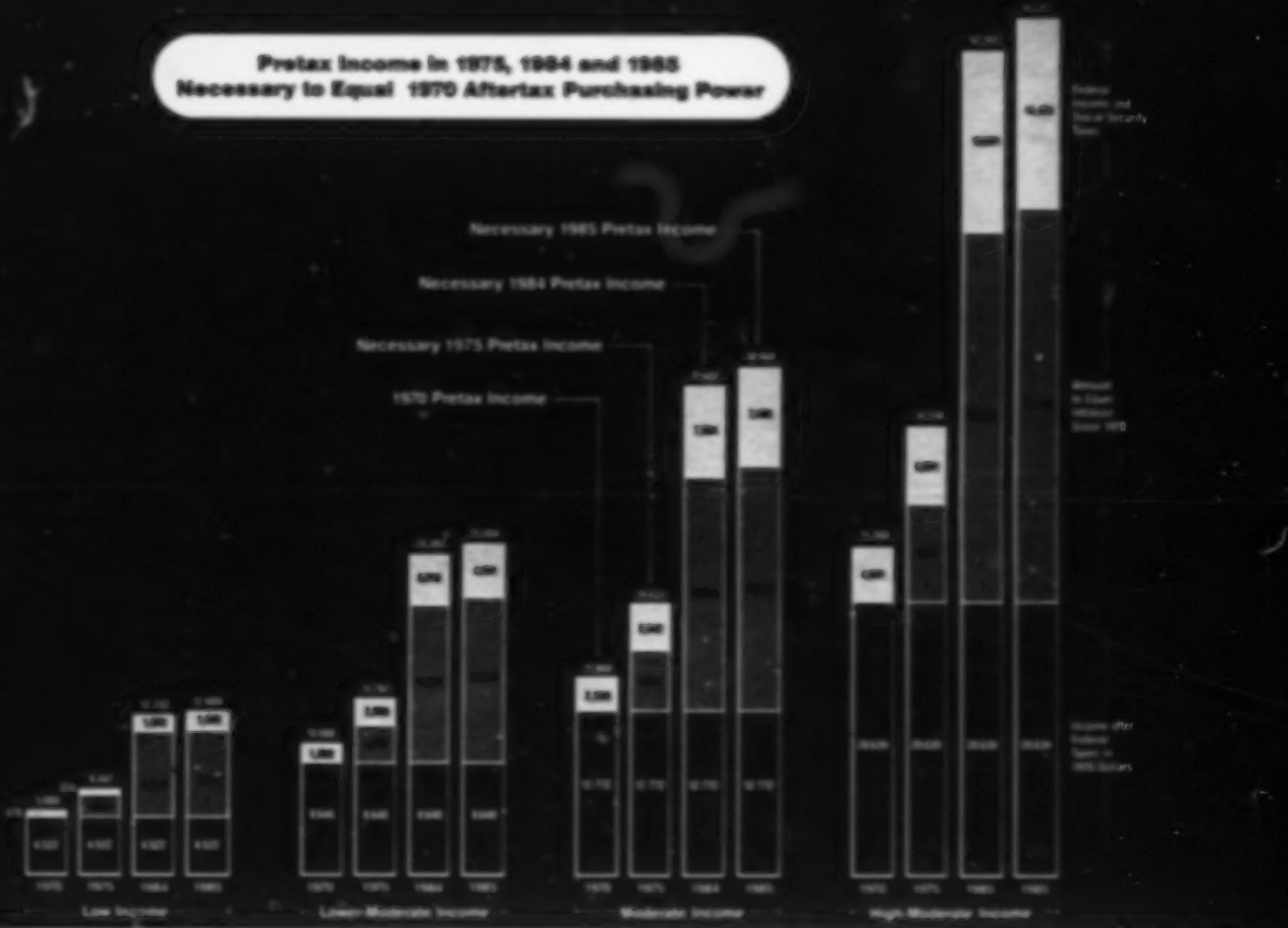
Pretax Income in 1975, 1984 and 1985 Necessary to Equal 1970 Aftertax Purchasing Power



	Low Income	Lower-Moderate Income	Moderate Income	High-Moderate Income
1970 PRETAX INCOME	$ 5,000	$10,000	$15,000	$25,000	$ 50,000
Less: Federal income tax	238	986	1,854	3,987	11,982
Less: Social security tax	240	374	374	374	374
Equals: Income after federal taxes	4,522	8,640	12,772	20,639	37,644
1975 NECESSARY PRETAX INCOME	6,447	13,787	20,855	34,648	76,392
Less: Federal income tax	-53	1,265	3,017	5,780	16,587
Less: Social security tax	377	663	825	825	825
Less: Amount to cover inflation since 1970	1,601	3,059	4,521	7,399	13,295
Equals: Income after federal taxes, in 1970 dollars	4,522	8,640	12,772	20,639	37,644
1984 NECESSARY PRETAX INCOME	12,132	24,462	37,602	62,922	123,638
Less: Federal income tax	557	2,279	4,685	11,266	31,712
Less: Social security tax	813	1,640	2,319	2,533	2,533
Less: Amount to cover inflation since 1970	6,240	11,924	17,826	28,482	51,949
Equals: Income after federal taxes, in 1970 dollars	4,522	8,640	12,772	20,639	37,644
1985 NECESSARY PRETAX INCOME	13,698	26,656	39,949	66,547	129,367
Less: Federal income tax	851	2,357	4,743	11,391	32,055
Less: Social security tax	888	1,794	2,747	2,782	2,782
Less: Amount to cover inflation since 1970	6,917	13,845	19,686	33,215	55,111
Equals: Income after federal taxes, in 1970 dollars	4,522	8,640	12,772	20,639	37,644

Federal income and social security taxes are computed for a married couple, only one of whom works, with two children. No allowance is made for any other taxes. Calculations use the tax laws in effect each year. Deduct-ible items are assumed to equal 17% of pretax income in 1970, 23% in other years. For calculating maximum tax and earned income credit, all income is assumed to be earned, personal service income. Inflation is calculated from the deflator for personal consumption spending, with a 3.5% rate assumed from 1984 to 1985.

Sources: Bureau of Economic Analysis; Internal Revenue Service; The Conference Board

Lora S. Collins

ECONOMIC ROAD MAPS

Eric Cohn, Editor Chuck N. Tow, Chief Charter

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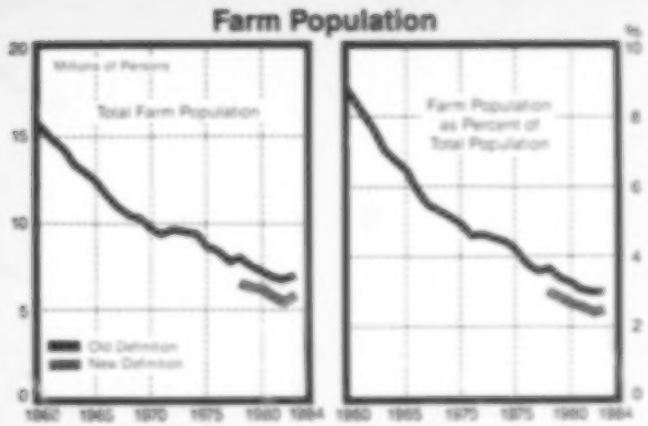
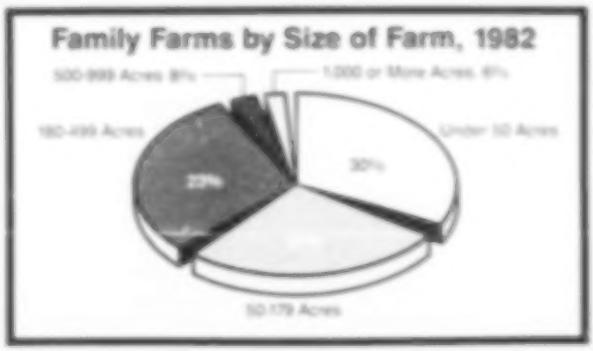
Trouble in the Farm Business

Economic Road Maps
Nos. 1993-1994 May, 1985

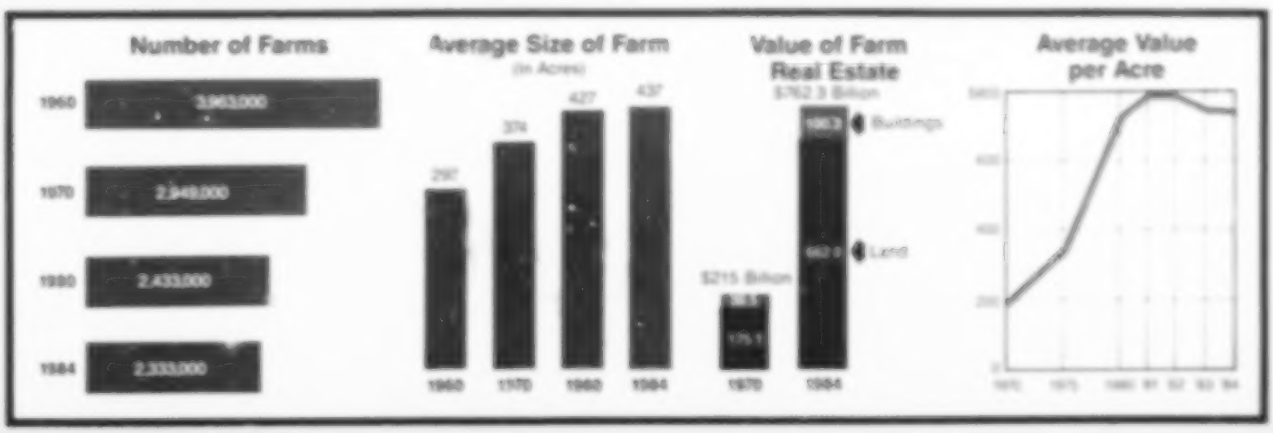
Many American farmers are suffering serious financial distress. Balance sheets and income levels have deteriorated sharply in recent years, and may yet worsen. Of course, erratic weather and unpredictable growing conditions have always made farming a relatively high-risk occupation. Lately, however, ordinary pressure has been intensified—by low crop prices relative to the general price level, by high real (inflation-adjusted) interest rates, by falling land values, and by the strength of the dollar internationally, which has helped depress

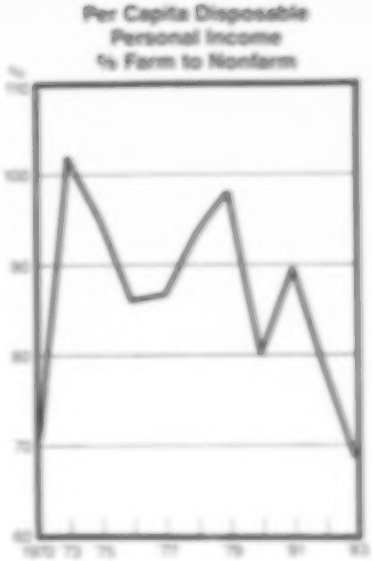


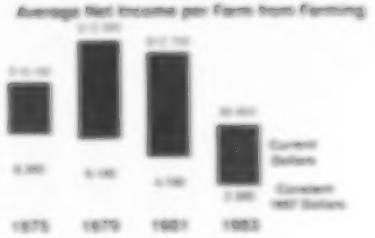


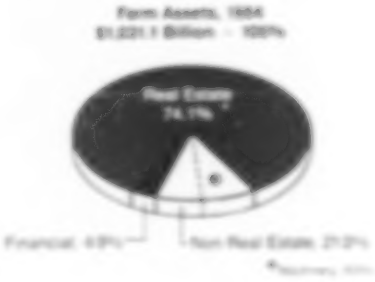
export demand. The results have been alarming debt/asset ratios and sliding real, per capita farm income, lower now than since the 1960's. Moreover, benefits to farmers from direct government support are likely to be reduced under the comprehensive farm program expected to be passed this year. These charts provide background on the origin and scope of the present problem.

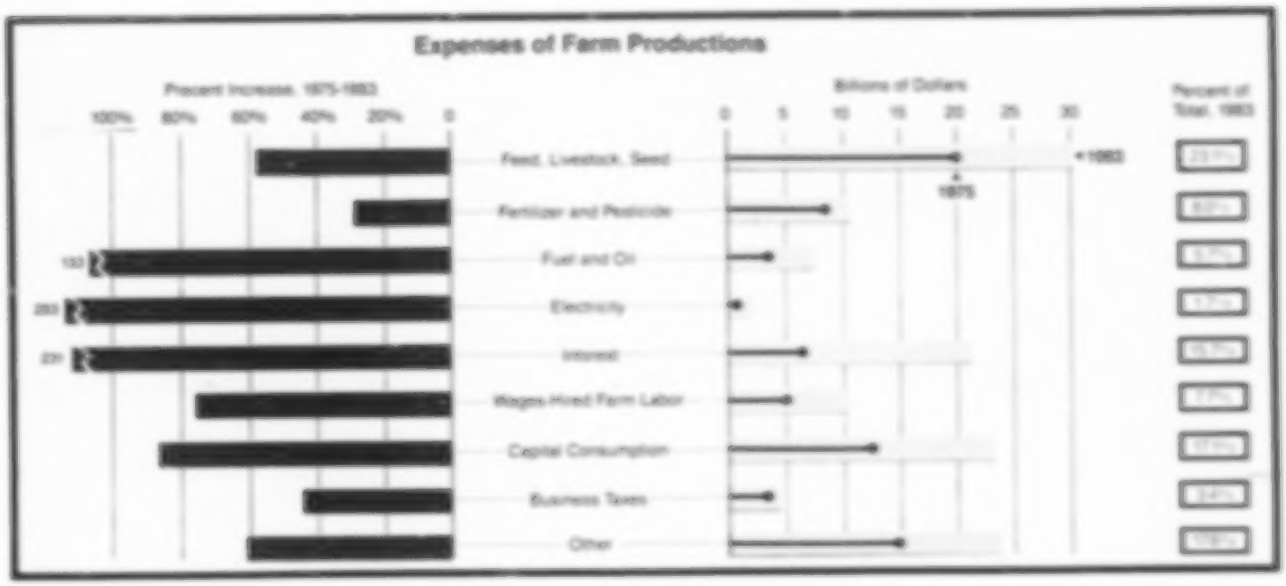
Ironically, today's stresses have their roots in the good times of the 1970's. Then, farm prices rose faster than other prices.

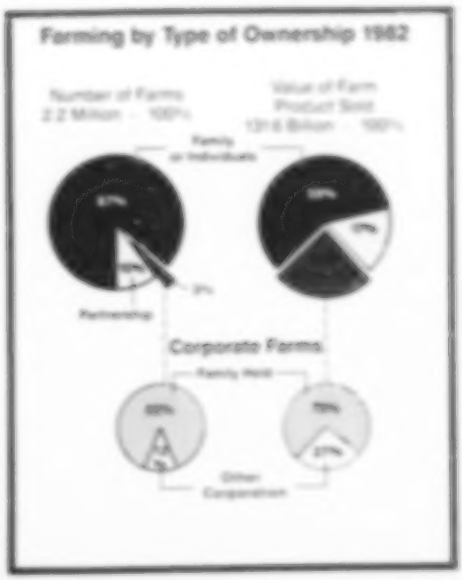


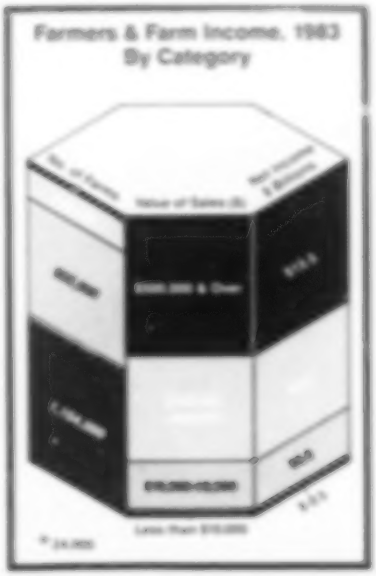






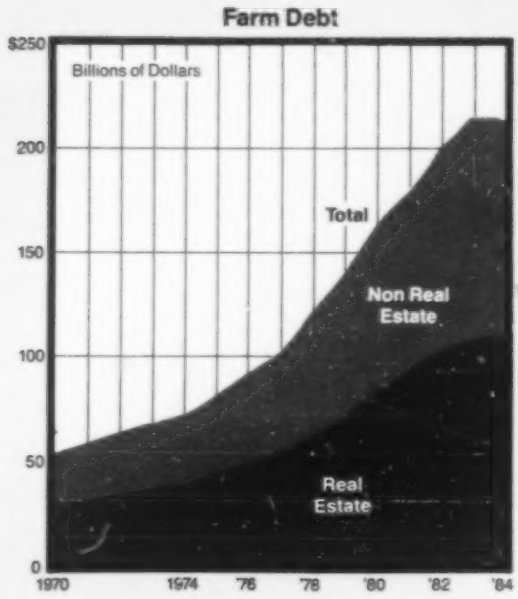


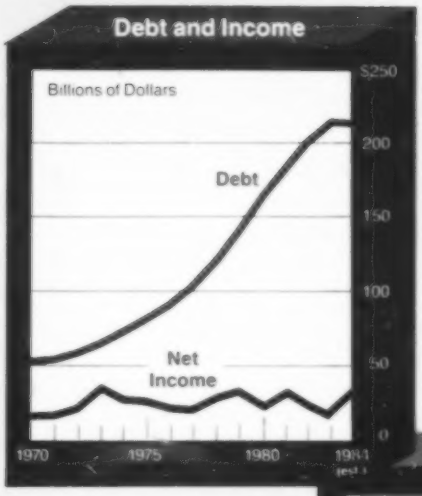


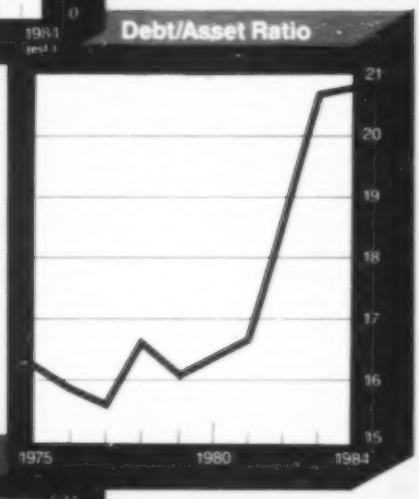


Higher crop prices, strong domestic demand and a surge in exports boosted farm income sharply in the early 1970's and again during the economic expansion in the second half of the decade. The future looked promising too. Their rising incomes and land values—together with low, or negative, real interest rates—allowed farmers to increase acreage and output by borrowing heavily. Farm debt climbed an average 10% annually during the 1970's. To be sure, farm costs rose strongly too, especially for fuel and fertilizer. But strong sales growth created the confidence that increases in income would easily cover production costs and debt service.

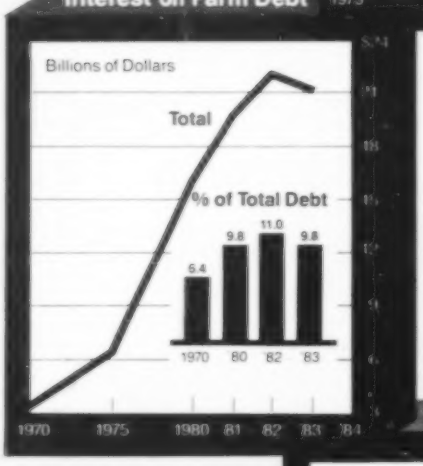
Farm Debt

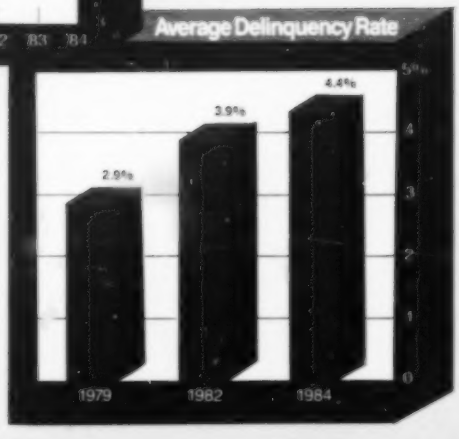




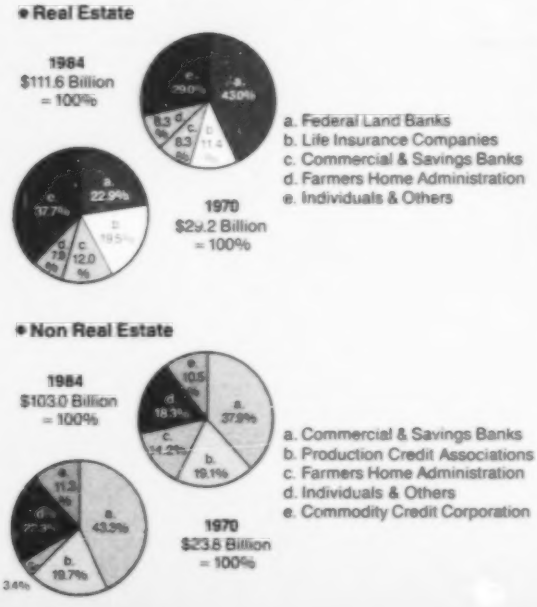


Demand and supply conditions changed dramatically in the 1980's. Worldwide recession, followed by a strong dollar, weakened foreign demand. The spread between the interest rate and the inflation rate widened enormously. Crop prices weakened. Farm income fell. Land values contracted. The burden of farm debt became more and more pronounced. The debt/asset ratio, just under 16 in 1975 and still just below 17 in 1981, climbed to 21 in 1984.

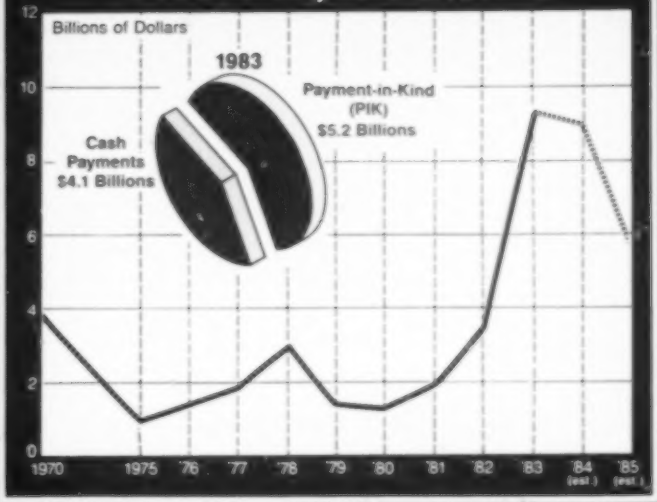




Farm Debt Outstanding By Type of Lender



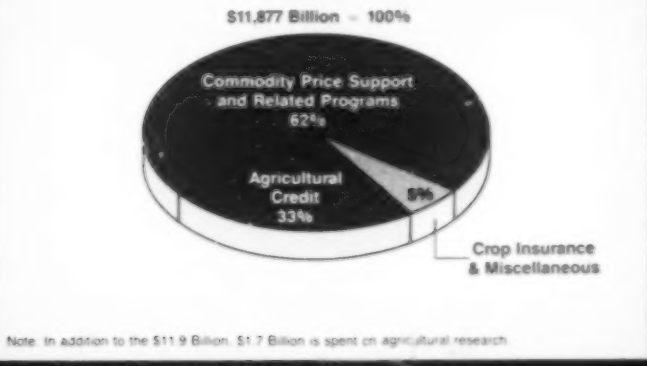
Government Payments to Farmers



Average Payment per Farm by Value of Sales

Farms with Sales:	Average Payment
Less than $2,500	$ 257
$ 2,500 - $ 4,999	$ 547
$ 5,000 - $ 9,999	$ 1,146
$ 10,000 - $ 19,999	$ 1,437
$ 20,000 - $ 39,999	$ 3,626
$ 40,000 - $ 99,999	$ 8,143
$100,000 - $199,999	$11,837
$200,000 - $499,999	$16,798
$500,000 & Over	$26,805

Government Farm Income Stabilization Programs 1984

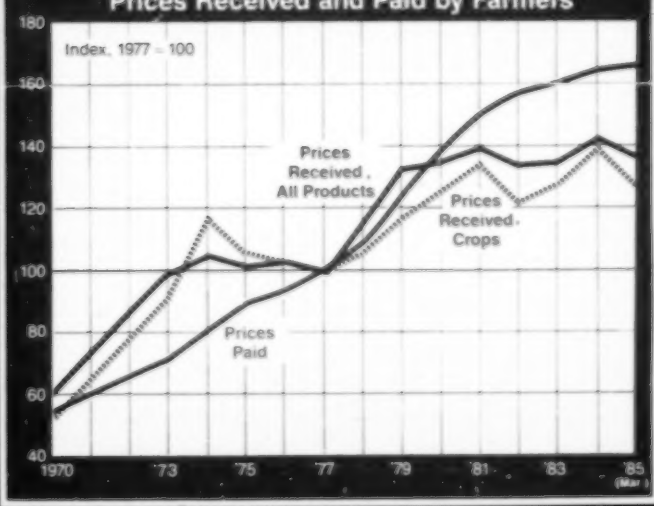


Note: In addition to the $11.9 Billion, $1.7 Billion is spent on agricultural research.

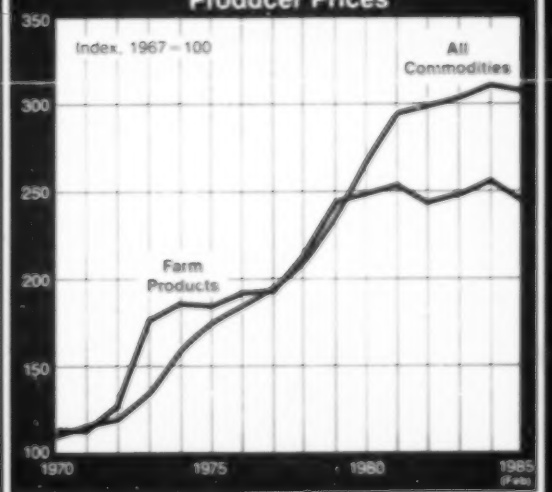
Prospects for farmers are not encouraging. For one thing, government support levels are being scaled back. Higher domestic sales of farm products probably cannot generate enough revenue to relieve financial distress on the farm significantly. Higher crop prices, lower interest rates and a lower dollar in world markets could begin to resolve some of the problems.

Sources: U.S. Departments of Agriculture, Commerce and Labor; Office of Management and Budget; American Bankers Assn.; The Conference Board.

Prices Received and Paid by Farmers



Producer Prices



ECONOMIC ROAD MAPS

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International Dimensions of the Farm Business

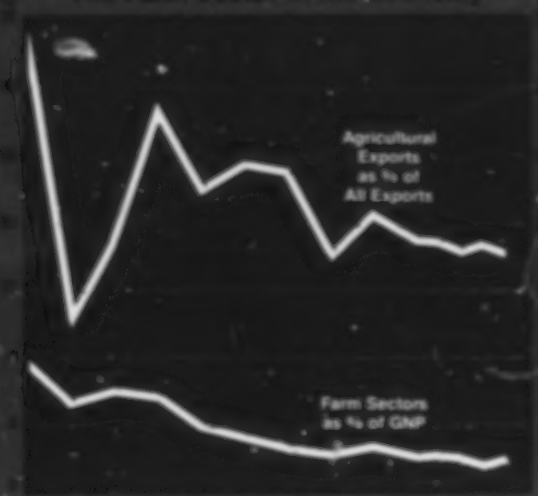
Economic Road Maps
Nos. 1995-1996
June, 1985

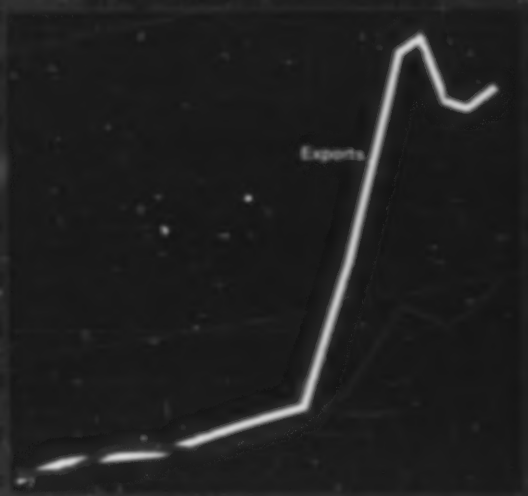
To prosper, U.S. farmers must be able to compete on world markets. This dependency is especially acute now. While exports of farm products rose spectacularly during the 1970's, lately they have been dropping off. At a time when domestic farm business is under stress (see Road Map No. 1993-1994), maintaining and expanding agricultural exports has taken on additional urgency.

True, exports of agricultural commodities will exceed imports, which helps offset the huge trade deficits in other products. But the combination of weak growth in foreign economies and rising international competition has reduced the agricultural surplus from a high of $26.6 billion in 1981 to only $18.4 billion in 1984.

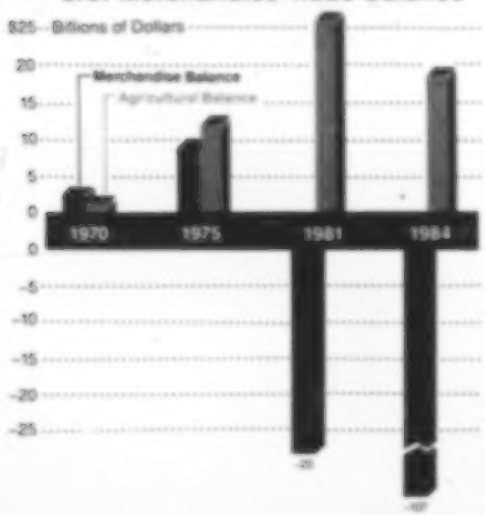
The developed countries are the world's major producers and exporters of agricultural commodities, while the developing countries, especially in Africa and the Middle East, remain net importers. Disappointing agricultural output has kept centrally planned economies as chronic importers of food.

This pattern comes through most clearly in world grain trade. For U.S. farmers, constrained income growth reflects the cyclical forces that influence world agricultural

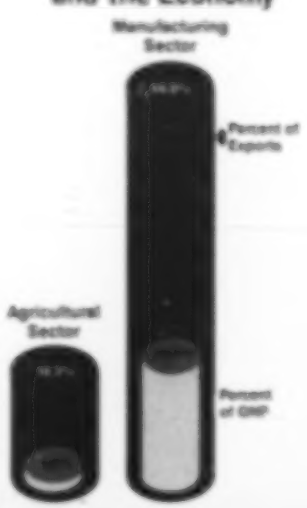


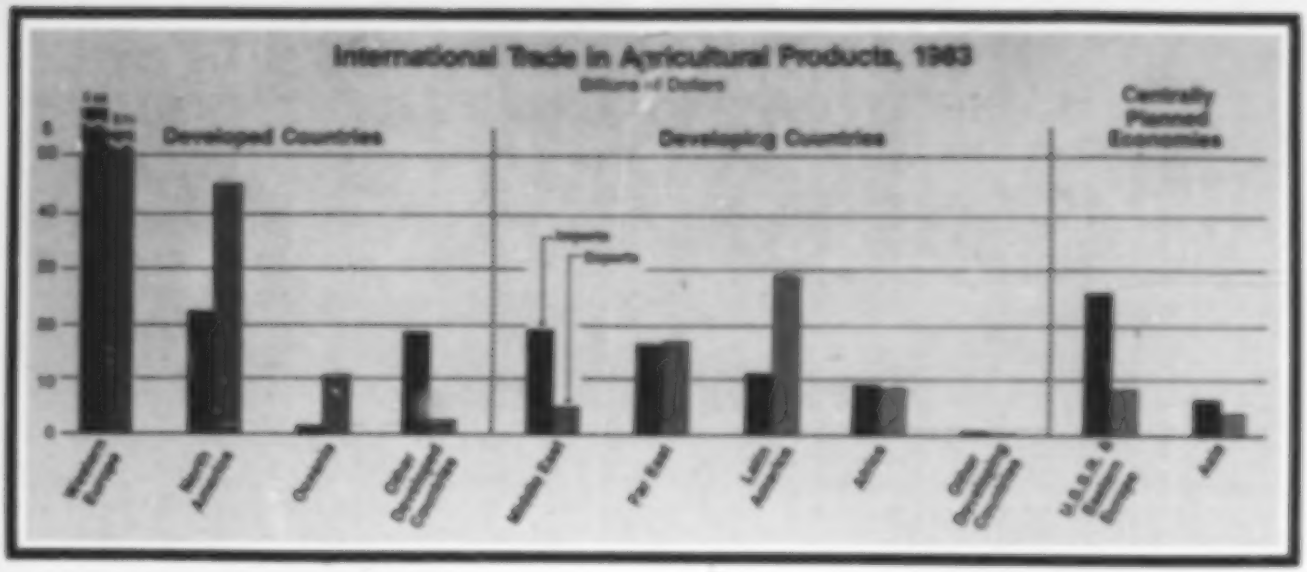


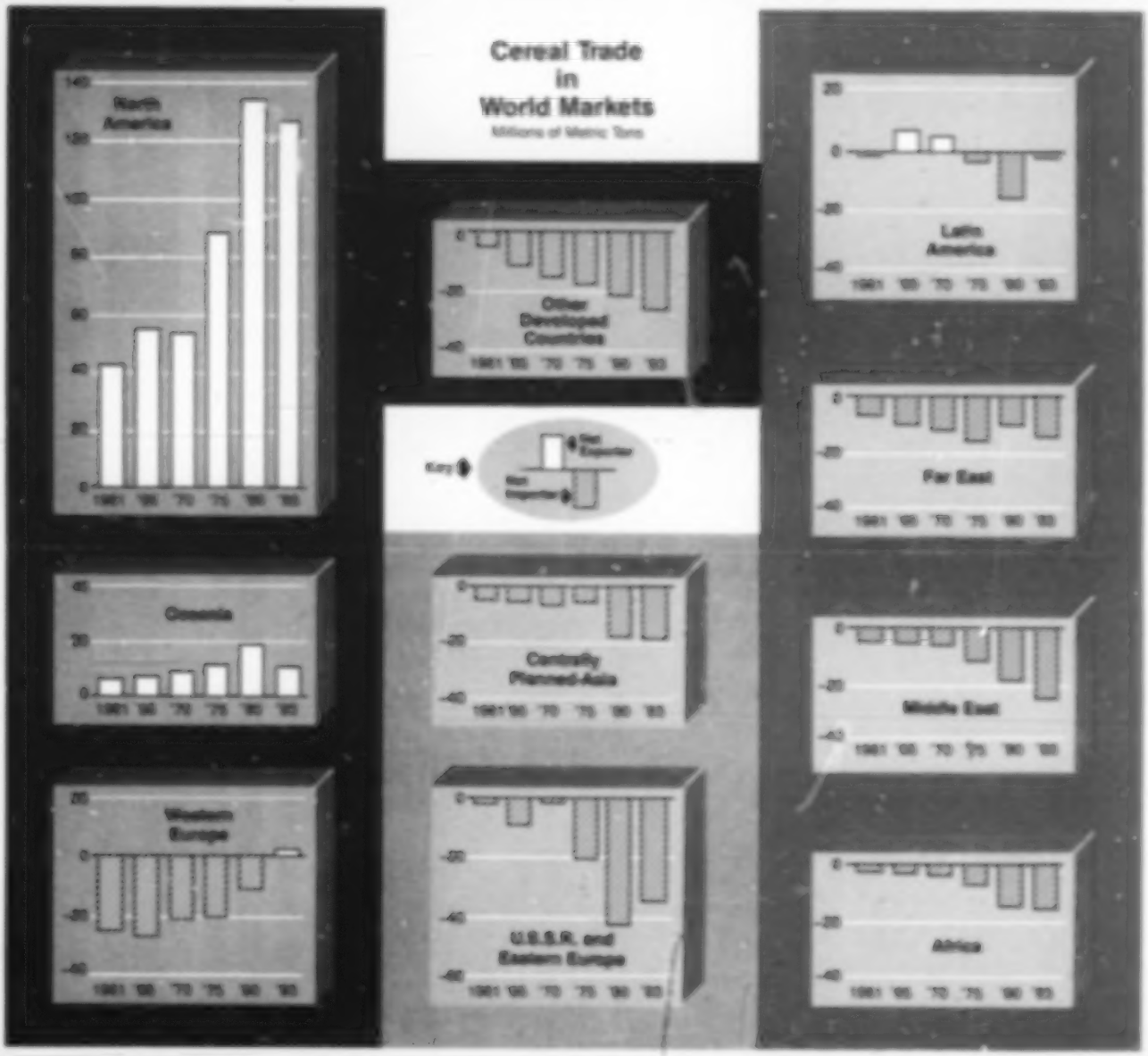
U.S. Merchandise Trade Balance



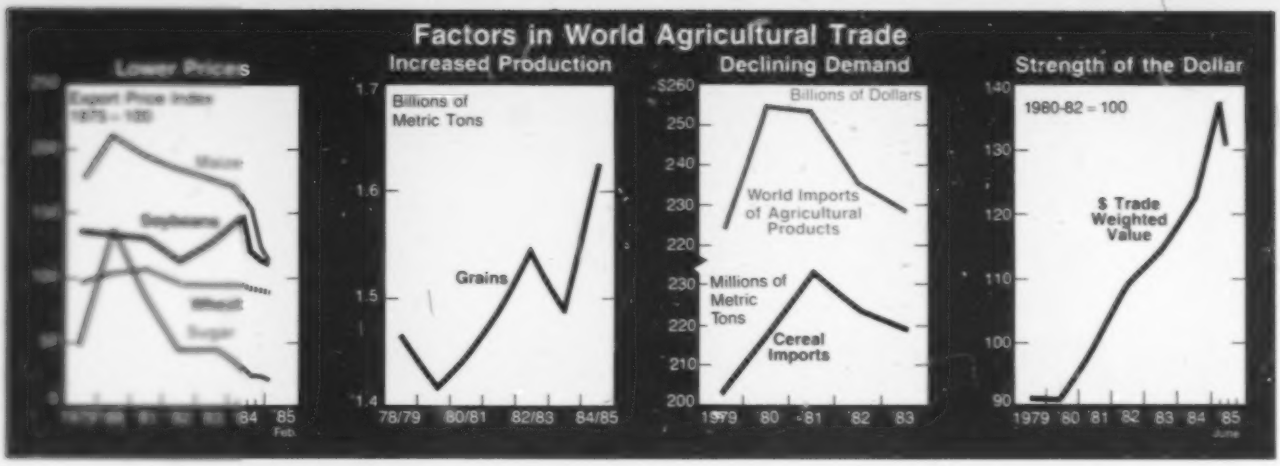
Agriculture, Manufacturing and the Economy




International Trade in Agricultural Products, 1983
Billions of Dollars
Developed Countries
Developing Countries
Centrally Planned Economies
Imports
Exports

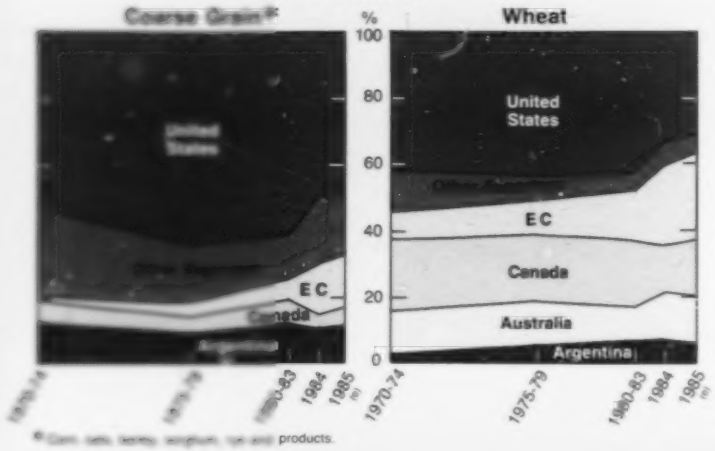

Cereal Trade in World Markets
Millions of Metric Tons
North America
Other Developed Countries
Latin America
Oceania
Far East
Centrally Planned Asia
Middle East
Western Europe
U.S.S.R. and Eastern Europe
Africa

Factors in World Agricultural Trade



World Trade In:

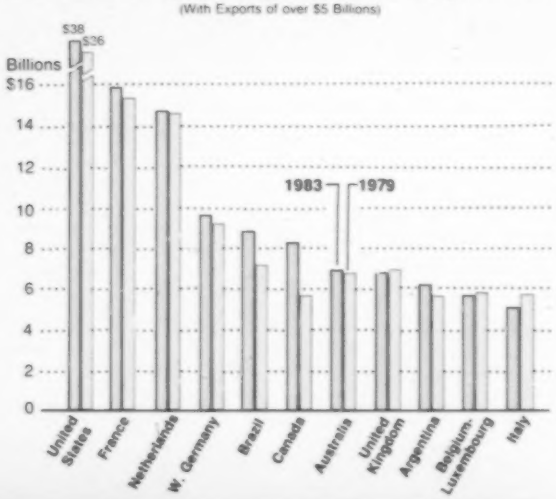
(Percent of Total)



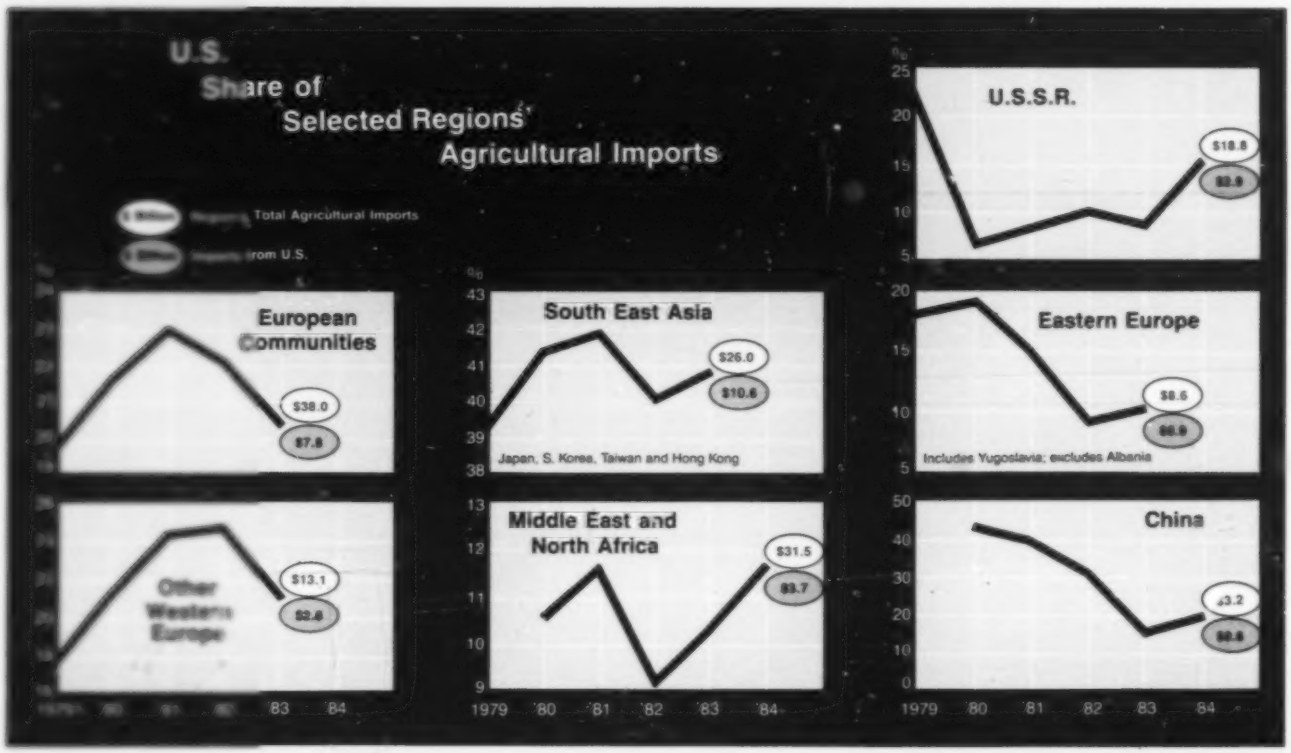
* Corn, oats, barley, sorghum, rye and products.

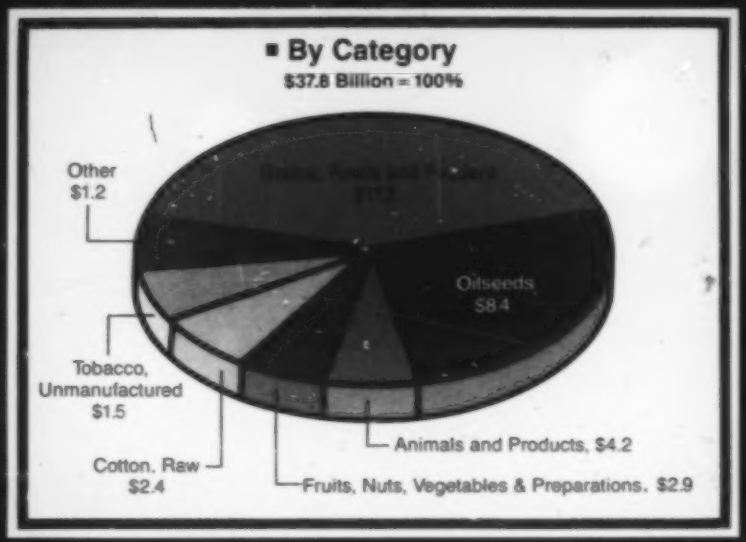
World's Largest Agricultural Exporters

(With Exports of over $5 Billions)



U.S. Share of Selected Regions' Agricultural Imports

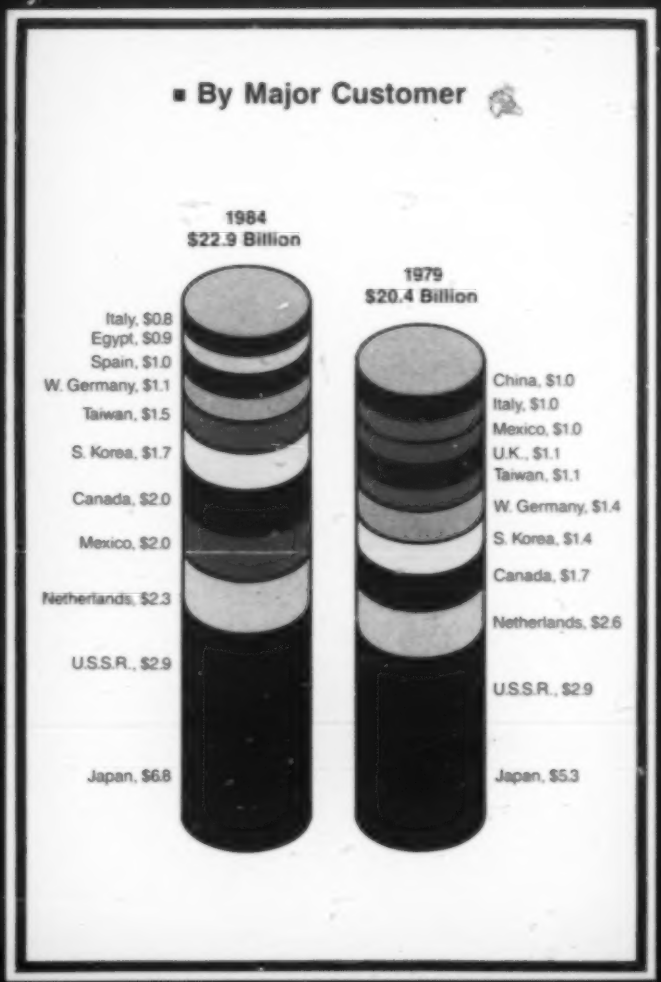


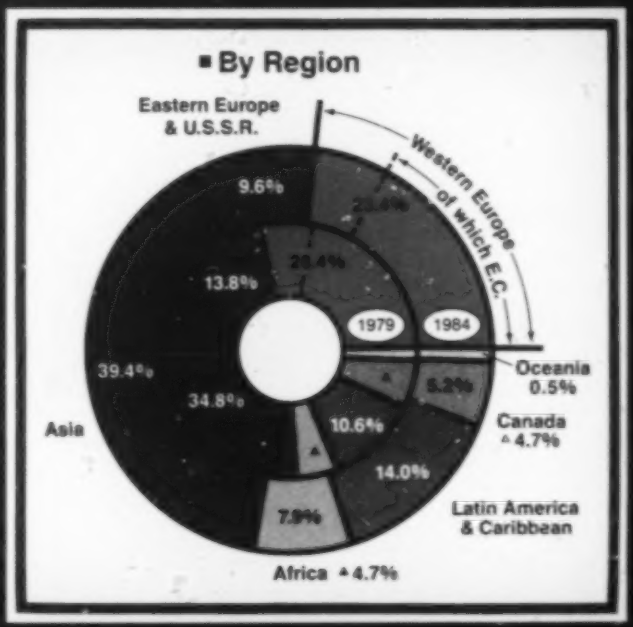


markets. Bumper crops, rising output in producing countries, higher than desirable inventory and the dollar's continued strength against other currencies has tended to lower both agricultural prices and sales volume. Lower prices failed to produce additional sales because of the strength of the dollar, in which many commodities are priced. As a result, some countries' import bills actually rose in terms of their domestic currencies.

Data is only now becoming available showing the true extent of tightened competitive conditions.

The U.S. is the world's largest exporter of agricultural products, selling some $38 billion in world markets, about twice as much as the nearest competitor, France. However, the U.S. share of the world wheat exports for instance, declined from an average of 44% during 1975-1979 to an estimated 32% in 1985. For coarse grains the drop was even greater, from 64% to 40%.





Sources: U.S. Departments of Agriculture and Commerce; United Nations; Morgan Guaranty Trust Company; The Conference Board.

ECONOMIC ROAD MAPS

Eva Culen, Editor Chuck N. Tow, Chief Chartist
Prices for Quantities of this chart will be supplied on request to Information Service

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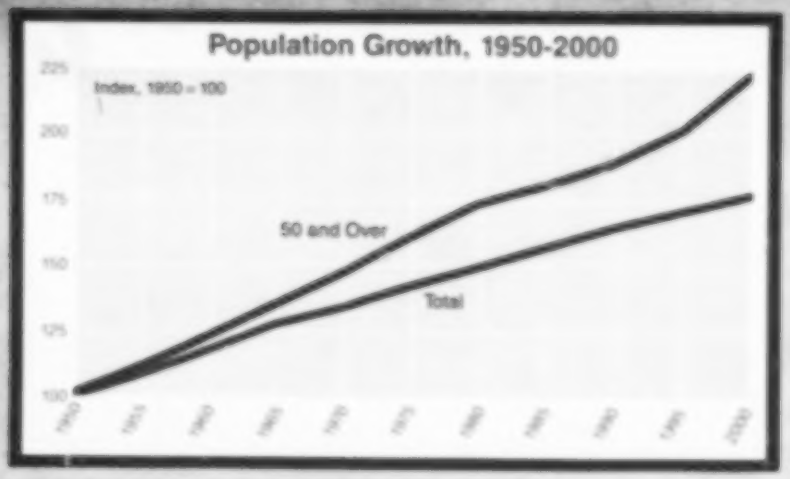
The Conference Board

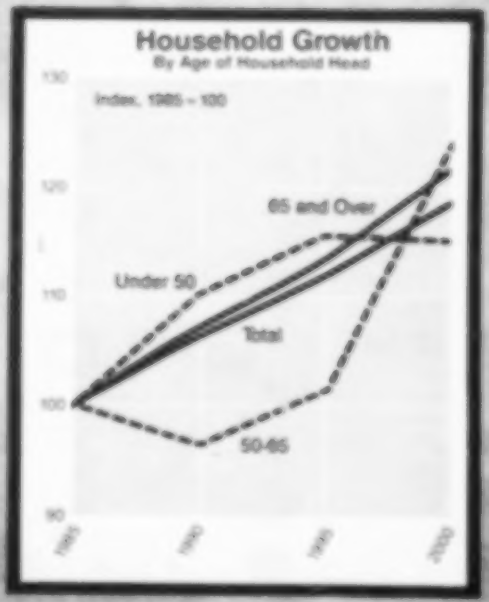
The over 50 Generation

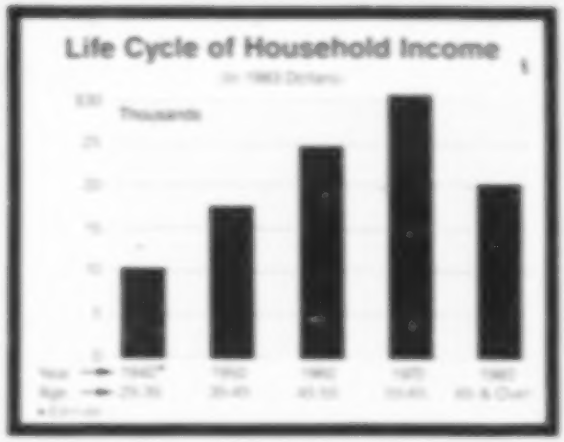
Economic Road Maps
Nos. 1997-1998

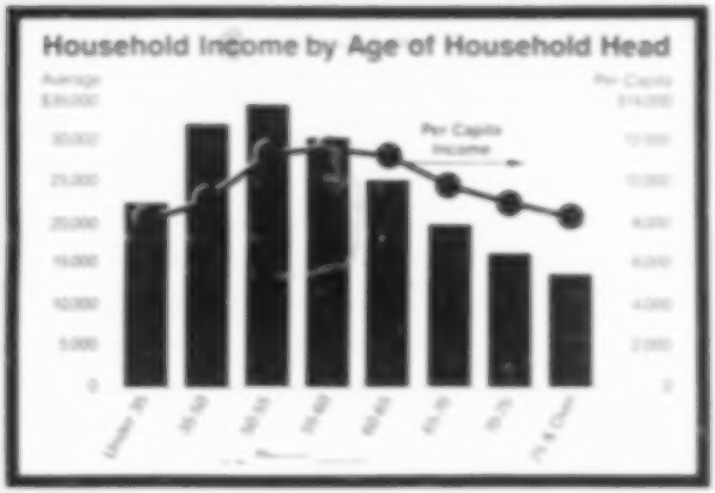
October, 1985

Imperceptibly, the U.S. population has aged in the past three decades; growth in the over-50 age group has outstripped that of the population as a whole. That gap will widen further in the near future. In most respects, the older persons, including the retired, are better off today than at any time before. They live longer and healthier lives, and, in economic terms, they command considerable resources. Average financial assets and net worth, as well as household income of the elderly is substantially higher than that of the younger population.







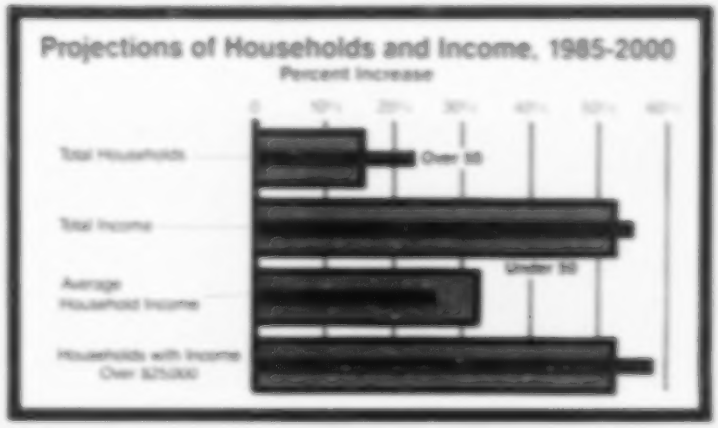


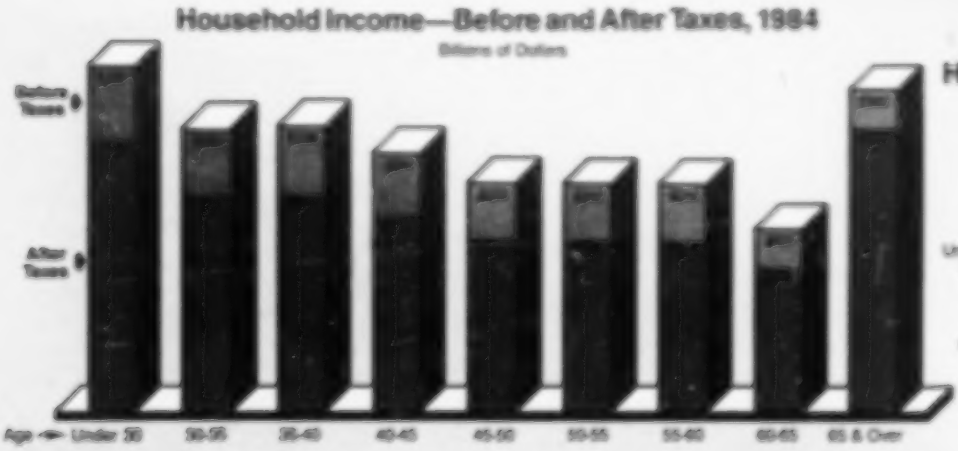
to decline in later years, and consists primarily of adults. Average income distorts the picture by understating the well-being of the elderly and overstating that of those in the middle years, when the family is at maximum size.

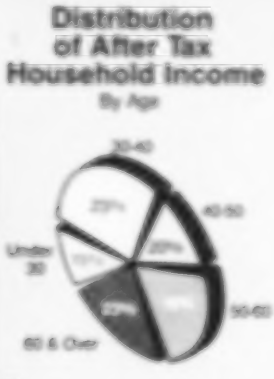
Per capita income peaks in the 55-60 age group, and continues to run well above average for many years after that. Households aged 65-75 have more income per person than those under 50. Thus actual economic well-being falls somewhere between average household income and per capita income.

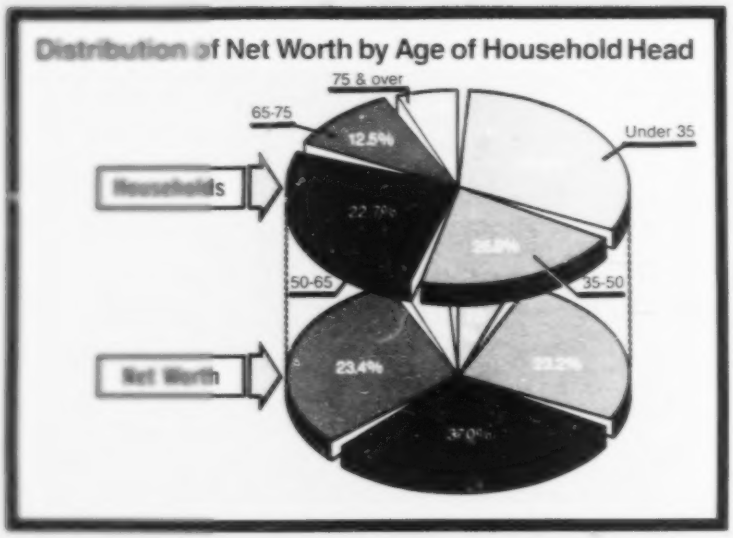
A considerable proportion of the older population is economically comfortable. Earnings increase with age up to the mid-fifties and continue quite high through 65. Compared with the under-35 age group, the 50 to 60 age group is considerably better off, and only with retirement, after 65, does income decline substantially.

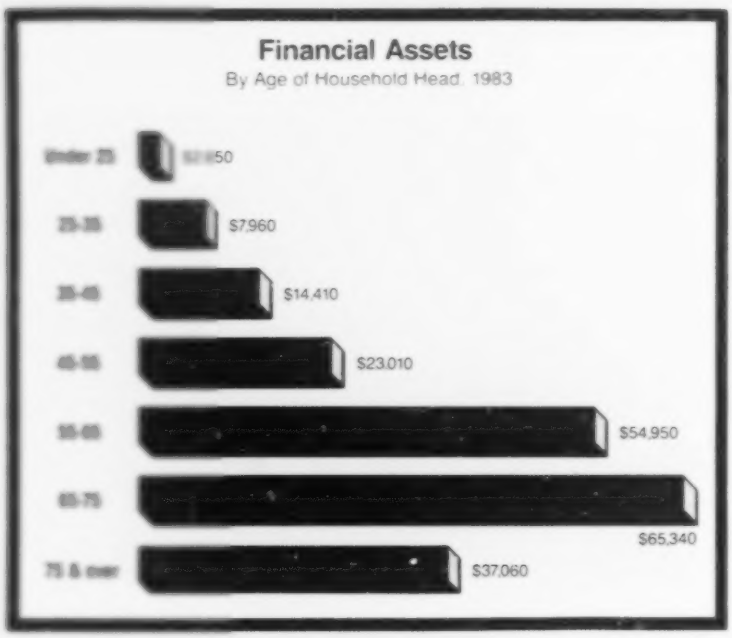
But average earnings alone are not sufficient to determine how well off a household is. The size of household or number of persons to be supported on a given income is also very important. Thus the younger household is apt to be larger, containing a number of children; whereas the size of household tends











discretionary spending power available to households over 50 and represents half of total discretionary income.

About 90% of all U.S. households have some financial assets. The average value of such holdings is quite modest for those under age 50, but increases substantially as one moves into the more mature age segment of the population.

Probably the most telling indicator of a household's economic well-being is its aggregate wealth or net worth—the difference between gross assets and liabilities. Included in this accounting are all financial holdings, equity in the home and—on the other side of the balance sheet—all financial obligations and debts. Again, in terms of net worth the relatively older population fares extremely well. Net worth increases with the years; evidently with time families have more opportunity to acquire wealth. When the typical household reaches the mid-fifties age group, its average net worth holdings are estimated to be about $100,000. This increases to a peak level of $125,000 for those 65-75 and then drops substantially for those 75 and over.

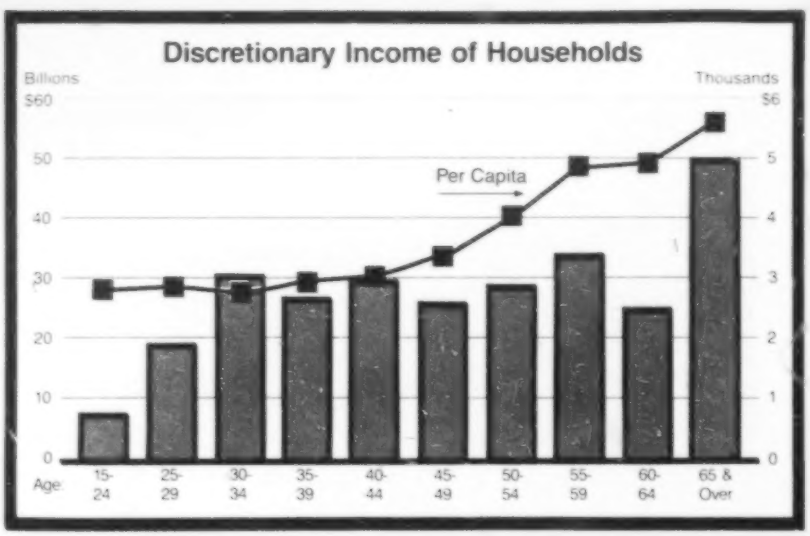
Older persons have a disproportionately large share of the total net worth of the nation's households—specifically, almost 70% is accounted for by those over 50. The average net worth holdings of those over 50 is some five times larger than that of those who have not yet reached that age.

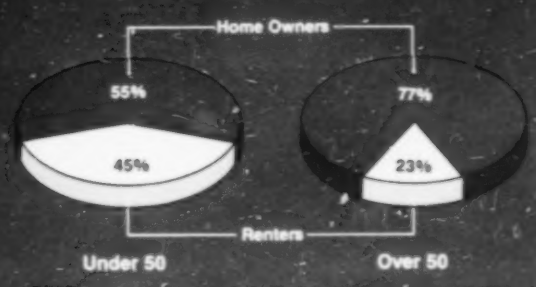
A very high proportion of the elderly are home owners. Some 77% of households over 50 own their homes. This translates into a considerable net equity for the elderly, because most of their mortgages have been paid off.

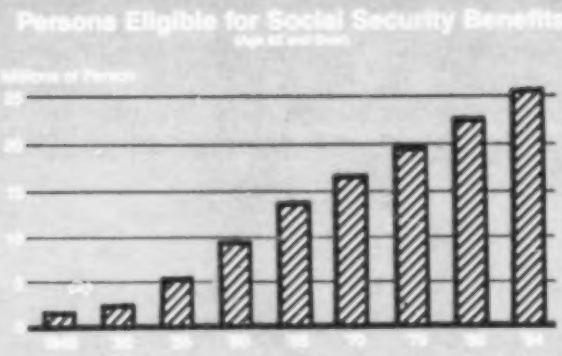
In addition to personal savings and other sources of income, social security programs for the elderly have expanded to the point where

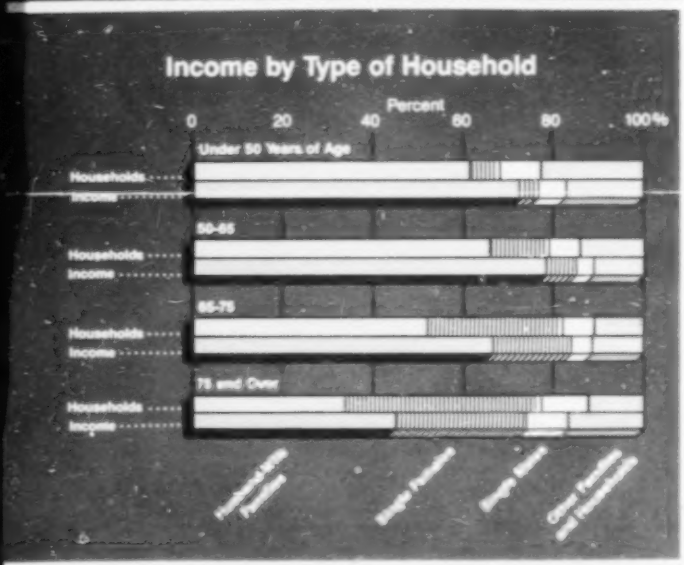
Another criterion in assessing the circumstances of an older household is a comparison of its present income to that of earlier years. Life-cycle income statistics indicate that while today's elderly families have less real income than they had in their peak earning years immediately preceding retirement, their present income actually exceeds what they had up to and through their middle years.

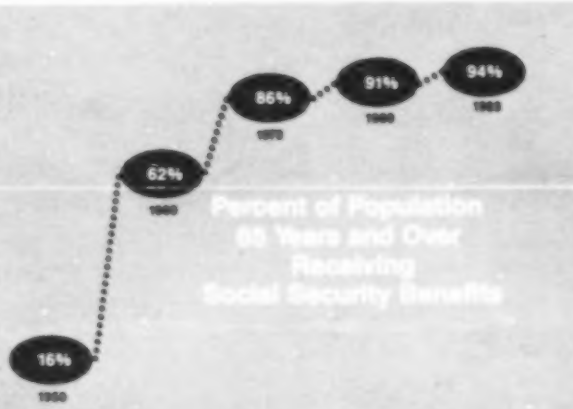
Older households account for a disproportionately large share of total discretionary spending power. (Discretionary income is defined as income beyond what is needed to maintain a reasonably comfortable standard of living.) This adds up to $130 billion of



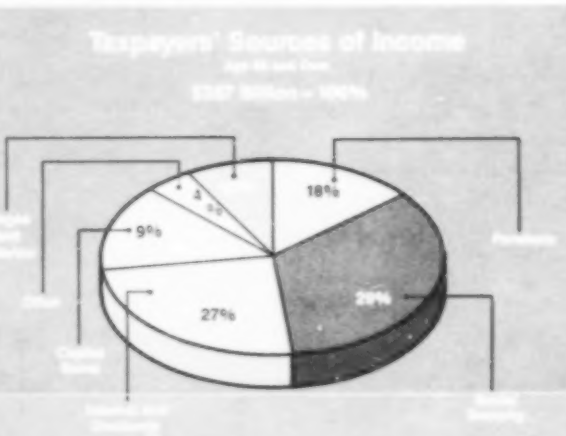


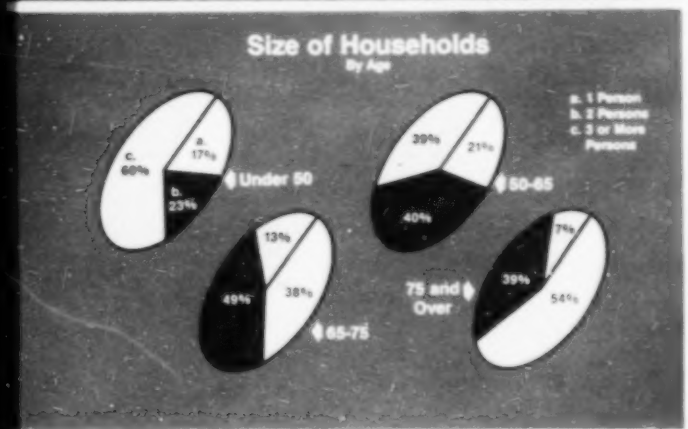






they now reach the great majority of the population over 65. From around 2 million persons in 1949, the number of social security recipients rose to over 25 million in 1984. At the same time, average monthly benefits have risen faster than living costs. In addition, over 50% of the labor force is covered under other pension plans today, compared with 25% in the early 1950's.





Thus, the conventional view of the older population as being greatly disadvantaged economic terms is a myth, although of course, there are still too many severely disadvantaged individuals and families among the elderly.

Sources: The Conference Board, *Middle and Beyond*; Social Security Administration.

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